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Is haute couture
worth the cost?

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and jobs go
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FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY JANUARY 26 1994

New problem for Clinton as deputy justice chief quits

The acute personnel problems of US President Bill Clinton's administration were compounded by the abrupt resignation of Philip Heymann, number two at the justice department.

Mr Heymann cited differences in "operating and management style" with his boss, attorney-general Janet Reno. Both said there were no philosophical or political disagreements but the personal chemistry, in Mr Heymann's words, "was not right". Page 16

Polish advance for Murdoch: Rupert Murdoch's News Corporation has made its first big breakthrough in commercial television in eastern Europe as a member of a consortium that has won the licence for Poland's first commercial channel. Page 16

Critical talks in S Africa: South Africa's future hung in the balance as negotiators from the rightwing Freedom Alliance met the government and the African National Congress for talks which all sides said represented the last chance to ensure rightwing participation in April's all-race elections. Page 6; Sweden stops ANC aid, Page 6

Salomon Inc. the New York investment banking group with a volatile earnings record, announced more than tripled fourth quarter net income to \$476m as it shared in a record-breaking year for the US securities industry. Page 17

US may end Vietnam embargo: The US moved towards closer relations with Vietnam when the Senate voted to urge President Bill Clinton to lift the trade embargo in place since the fall of Saigon in 1975. Page 16

Cautious start by newly independent bank

The newly independent Bank of France made a cautious start by setting a general goal for money supply expansion of "around 5 per cent" for the medium term, rather than any more precise target for this year. The new monetary stance, set out by governor Jean-Claude Trichet (left), is unlikely in itself to put a break on the Balladur government's hopes for an early economic recovery. Page 2; Lex, Page 16

Strike hits Spain: Spanish riot police clashed with pickets across the country as unions staged a 24-hour strike in protest at the government's planned reform of the labour market. Page 2

IBM UK: hardest hit of the computer manufacturer's national subsidiaries in 1992, recovered strongly last year, cutting pre-tax losses to \$174m (\$241m), compared with \$767m in 1992. Page 17

AT&T: US communications and computing group, reported a slight dip in fourth quarter net income after special charges, but a 15 per cent increase in earnings excluding the provisions. Page 17

Turkey tightens monetary policy: Turkey unveiled tight monetary measures to bolster confidence in the lira in the wake of a 11.97 per cent devaluation of the currency.

Rise in UK insured exports: The value of exports insured by the UK's export credit agency rose to its highest level for nearly 10 years in the 12 months to March 31 1993, signalling a strong performance by British exporters. Page 7

Uslor Saccilor: Provisional losses at the French state-owned steel group, which more than doubled last year to FF5.8bn (\$970m), illustrated the weak financial state of some of the companies slated for privatisation. Page 18

China-Russia trade pact: China and Russia signed an agreement covering 21 border crossings to facilitate booming two-way trade worth nearly \$8bn last year. Page 7

Hosokawa pleads for support: Japanese prime minister Morihiro Hosokawa passionately appealed for public support for his plans to reform the electoral and political system. Page 6

Mine gas kills 55: Fifty-five miners trapped for two days by fire at the state-owned Newkenda coal mines 260km north of Calcutta were all found gassed to death yesterday.

Delecor wins Monte Carlo rally: Francois Delecor of France, driving a Ford Escort, won the Monte Carlo rally. He finished 1min 5secs ahead of world champion Juha Kankkunen of Finland in a Toyota Celica.

STOCK MARKET INDICES
FT-SE 100: 4,427.5 (-8.0)
Yield: 3.44
FT-SE Eurotrack 100: 1,486.68 (+5.70)
FT-SE All Share: 1,728.70 (+0.29)
Nikkei: 15,891.79 (-246.42)
New York: 11,400.00 (+1.50)
Dow Jones Ind Ave: 3,007.16 (-0.84)
S&P Composite: 474.78 (+1.58)

US LUNCHTIME RATES
Federal Funds: 3%
3-mo Treas Bill: 2.972%
Long Bond: 5.88%
Yield: 6.282%

LONDON MONEY
3-mo Interbank: 5.1% (Same)
Life long gilt: 11.8% (Mar 1993)
91-92 gilt: 11.8% (Mar 1993)

NORTH SEA OIL (Argus)
Brent 15-day Mar: \$14.30 (+1.31)
WTI: \$14.30 (+1.31)

Gold
New York Comex (Feb): \$377.4 (384.6)
London: \$362.2 (383.59)
Tokyo close Y 109.55

STERLING
New York: 1.4955
London: 1.4955
DM: 1.4925 (1.4920)
DM: 2.5231 (2.5089)
FF: 8.8364 (8.8334)
Sfr: 2.1949 (2.1976)
Y: 163.302 (164.807)
£ Index: 82.2 (82.4)

DOLLAR
New York: 1.47
DM: 1.74125
FF: 5.9145
Sfr: 1.47
Y: 108.65

Other Markets
London: 1.7441 (1.748)
DM: 5.9205 (5.9317)
FF: 1.4705 (1.4724)
Sfr: 108.415 (110.42)
Y: 163.302 (164.807)
£ Index: 82.2 (82.4)

Other Markets
London: 1.7441 (1.748)
DM: 5.9205 (5.9317)
FF: 1.4705 (1.4724)
Sfr: 108.415 (110.42)
Y: 163.302 (164.807)
£ Index: 82.2 (82.4)

Euro Disney drawing on \$175m from US parent

By Alice Rawsthorn in Paris

Euro Disney, the struggling leisure group, is understood to have run out of money and to be dependent on the financial support of Walt Disney, its US parent.

Walt Disney made a provision of \$350m in its figures for the fourth quarter of the year to September 30 partly to cover its exposure to Euro Disney. It has earmarked \$175m of that sum to meet the cost of providing limited financial support to the Euro-

pean group during the current quarter.

Euro Disney, which is trying to negotiate an emergency financial rescue package with its creditor banks, warned last year that it could face a serious cashflow crisis during the early weeks of 1994.

Neither it nor Walt Disney would comment on the financial position. But Euro Disney is understood to be no longer financially self-supportive. The US group, which owns 49 per cent of Euro Disney, has promised to provide enough money to meet its working capital and short-term investment requirements

until March 31, giving it enough time to complete negotiations with the banks.

However, Walt Disney has warned the banks that it will only support Euro Disney until the March deadline. If the two sides have not agreed terms for a financial restructuring by then, Walt Disney has said it will withdraw support. Euro Disney would then almost certainly go into receivership and the lavish EuroDisneyland theme park outside Paris would close.

Meanwhile the Euro Disney banks are preparing for a special meeting in Paris

next Wednesday at which they will discuss the findings of an investigative audit commissioned from KPMG Peat Marwick, the accountancy group.

The audit will be used to formulate the banks' negotiating strategy in the restructuring talks. KPMG was asked by the banks to assess the present financial condition and future requirements of Euro Disney and to evaluate its corporate strategy.

Walt Disney has already asked the banks to consider a series of restructuring proposals that include halving Euro

Disney's FF20.3bn (\$3.41bn) debt

through the combination of a FF5bn rights issue and a debt-for-equity swap.

The banks, which have formed a steering committee led by Banque Nationale de Paris and Banque Indosuez, are expected to demand concessions from Walt Disney such as waiving its entitlement to royalty fees on Euro Disney merchandise and ticket sales. The US group might also be asked to pump capital into Euro Disney by buying assets, notably the EuroDisneyland hotels.

Franco-US row erupts over action in Bosnia

Washington not 'standing by' in crisis, insists Christopher

By Jurek Martin in Washington and David Buchan in Paris

Western disagreements over how to end the Bosnian civil war yesterday erupted into angry recriminations between Paris and Washington as Mr Warren Christopher, the US secretary of state, flatly denied French assertions that the US had washed its hands of the crisis.

He was responding to comments yesterday by Mr Richard Duqu , the French foreign ministry spokesman. Hitting back at earlier remarks by his State Department counterpart, Mr Mike McCurry, that France was resorting to "a very strange moral calculus" in insisting that the US exert full pressure on the Bosnian Muslims, Mr Duqu  retorted: "If we are talking on a moral level, the choice today is between merely watching the fighting and doing everything possible to stop it."

Mr Christopher insisted: "The US is not standing by, by any means." He repeated the US support of Nato resolutions which could lead to the use of air power in support of United Nations peacekeeping and humanitarian operations, specifically to reopen the airport at Tuzla and to relieve Canadian troops besieged in Srebrenica.

Mr Boutros Boutros-Ghali, UN secretary general, yesterday received a report from Mr

Yasushi Akashi, his special representative in the former Yugoslavia, detailing UN military plans, including the possible use of air power, to secure these two goals.

Mr Christopher said: "We're quite prepared to pursue the president's commitment to take action when UN military plans are drawn up," adding that both President Francois Mitterrand and Mr Edouard Balladur, prime minister, "were supportive on these points".

He also firmly rebuffed what were seen in Washington as French demands that the US send troops to Bosnia. "The US does not believe it should put in ground forces in order to require the parties to enter into a settlement. We think it would be inappropriate to insist that the victim, the Bosnian government, conform to some pre-existing plan," he said.

In Paris, however, Mr Duqu  said France had never proposed imposing a settlement by force or a massive military intervention, only bringing more diplomatic pressure to bear on all sides.

Despite yesterday's exchanges with Washington, the French government made clear it intends to continue trying to convince the US of the merits of a more concerted diplomatic support for the European Union's peace plan

Continued on Page 16



Former Iran-Contra figure Oliver North challenged Democratic senator Charles Robb for his Virginia seat during a rally in the US state

German workers pay for past deals

By Christopher Parkes in Frankfurt

German engineering workers, threatening warning strikes in pursuit of higher pay, were yesterday offered grim reminders of the cost of deals in the past.

Figures published yesterday showed the automotive and mechanical engineering industries alone shed 240,000 jobs last year. Ms Erika Emmerich, president of the VDA vehicle makers' association, said the loss of 70,000 automotive industry jobs, after 60,000 in 1992, was only partly due to a 23 per cent slump in 1993 output.

"The need to restore international competitiveness through a reduction in costs is just as important," she said. Labour costs in a German car factory last year, at DM49.60 an hour, were still almost double those in

the UK, according to VDA officials.

Wage costs had to be reduced and working times must be more flexible. "That is the only way we can maintain Germany as a vehicle production base," she said.

Mr Wolfgang Koch, a regional leader of the VDMA mechanical engineering association, reported the loss of 170,000 jobs in 1993 and said the erosion would continue.

While both officials, representing Germany's biggest industries,

acknowledged the worst of the recession was past, they held out little hope of a speedy recovery. Ms Emmerich predicted "stagnation" in the motor trade.

Regional negotiations on the IG Metall union's 6 per cent pay claim ended without any apparent movement from either side last night. The national leadership is expected to decide today whether to go ahead with threatened warning strikes starting on Monday.

Presenting their traditional annual industry reviews at a par-

ticularly delicate moment, Ms Emmerich and Mr Koch were careful to avoid inflaming tempers or to overestimate the impact of signs of recovery, more of which emerged yesterday.

The Ifo economics research institute, for example, reported that capacity use in manufacturing industry had increased from 78 per cent in September to 79 per cent last month.

BMW forecasts improvement, Page 18
Bosch turnover suffers, Page 18

"So it's devoid of all
taste and colour and if
you drink enough
of it you fall down and
hurt yourself.
We don't share your
faith in this
product, Mr Vladivar."

Having the capital to back a big idea is only half the secret.
Having the vision to spot one is the other half.

CINVen
Here's to success.

CINVen Ltd is a member of RPO

Bank of France sets money goal

By David Buchanan in Paris

The newly-independent Bank of France made a cautious start yesterday by setting a general goal for money-supply expansion of "around 5 per cent" for the medium term, rather than any more precise target for this year.

The French central bank said the aim underlying this goal for M3, a broad definition of money that includes short-term mutual funds, was to raise growth in the French economy to between 2.5 per cent and 3 per cent a year by the late 1990s, while keeping inflation at "no more than" its current annual pace of 2 per cent. The bank's new monetary

stance - which Mr Jean-Claude Trichet, the governor, said had been decided "collectively" with his eight fellow members of the new independent monetary policy committee - is unlikely in itself to put a break on the Balladur government's hopes for an early economic recovery.

Indeed, some economists commented yesterday that the bank was perhaps being optimistic because investment cutbacks in recent years may now have reduced France's low-inflation growth potential to below 2.5 per cent a year.

But the bank also said yesterday that, as well as providing scope for economic recovery, it placed equal weight "on

stabilising the external value of the currency" in line with its central role in the European Monetary System, which was left unchanged by last August's crisis.

Mr Trichet said that since then the bank "has followed a policy of prudent and gradual reduction of short-term interest rates... aimed at preserving the external and internal value of the franc and letting the economy benefit from the best medium- and long-term financing conditions". It would continue the same policy, he implied.

Asked to what extent the newly-independent central bank was taking France's record unemployment rate of

over 12 per cent into account, Mr Trichet said the fact that France could now borrow over 5-10 years at rates which, Japan apart, were "among the lowest in the Group of Seven countries", should ensure "fairly substantial medium-term growth".

Mr Trichet was at pains to stress that there was nothing new about the central bank's decision not to set a precise spread for M3 money growth in 1994, as it had done a year earlier in setting a 4-6.5 per cent target range for 1993. Other central banks had sometimes been similarly vague, he said.

But what is new is the bank's evident mistrust of M3 as a reliable sole indicator of

the country's money supply, as a result of last year's experience when M3 actually shrank by 1.6 per cent between end-1992 and end-1993. This contraction was far greater than that in the real economy, and was caused, according to the bank, by massive shifts of money out of mutual funds (which are included in France's definition of M3) into non-monetary assets like "Balladur bonds" and shares of privatised companies.

The bank warned that the savings shifts could recur or be reversed in 1994, and "this is why no range has been specified either side of the medium term objective".

The Lex Column, Page 16

Berlusconi the politician makes a poor debut

By Robert Graham in Rome

The decision of Mr Silvio Berlusconi, the media magnate, to enter politics has provoked a stream of hostile comments and received scant support.

The negative reaction came yesterday both from politicians and the media. The only positive comments came from within Mr Berlusconi's own media empire whose leadership he formally renounced on Wednesday when he threw his hat into the political ring.

The only political grouping to welcome Mr Berlusconi's move was the National Alliance, the recently re-baptised MSI neo-fascist movement headed by Mr Gianfranco Fini. The Alliance looks the most likely ally for Mr Berlusconi.

In contrast, Mr Umberto

Bossi, the leader of the populist Northern League, and another potential ally, reacted coolly. He dismissed Mr Berlusconi's movement, Forza Italia, as "not a real party".

The most consistent criticism directed against Mr Berlusconi was on the grounds that he would split the Liberal Democrat vote rather than bring it together as he pledged. This fear was repeated both by newspaper commentators and by Mr Mario Segni, the leader of the Referendum movement.

Mr Eugenio Scalfari, editor of La Repubblica and long-standing critic of Mr Berlusconi, said Mr Berlusconi's claim to represent a new force in Italian politics was spurious. His business fortune had been based on a virtual monopoly in commercial television permitted because of his close links with discredited politicians

such as Mr Bettino Craxi, former Socialist leader.

Mr Berlusconi has yet to outline how he intends to maintain his distance from his Fininvest business interests. He has declined to relinquish ownership of his empire, merely daily management. Mr Fedele Confalonieri, his close aide, is expected to take over the chairmanship while the main management of Fininvest will be in the hands of Mr Franco Tatò, the former chief executive of Mondadori publishers.

Meanwhile another businessman is leaving politics. Mr Luciano Benetton, head of the clothing business, said he would not stand again as a senator. He stood for the Republican Party in the April 1992 elections, but in an open letter yesterday he said his obligations were towards running the family business.

Spanish clashes in reform strike

By Peter Bruce in Madrid

Spanish riot police clashed with pickets across the country yesterday as trade unions staged a 24-hour strike in protest at the government's plans to reform the labour market.

The unions claimed that 8m workers took part in the stoppage but employers insisted that some 70 per cent of businesses operated normally.

The government was maintaining a low profile, however, as it became increasingly clear that the strike had failed to have as serious an impact as expected outside of the poor and heavily industrialised areas.

Clashes between strikers and police took place in Madrid and the cities of Burgos, Málaga, Zaragoza, and San Sebastián and dozens of people were reported injured and more

than 30 arrested. Traffic in Spain's large cities fell off as people stayed away from work, many preferring to take a day off rather than face hundreds of pickets spread about the country by the two main Spanish unions, the General Workers' Union and the Workers' Commissions.

But the government appeared to have been able to guarantee minimum public transport services in most cities and the prime minister, Mr Felipe González, now seems likely to offer only token recognition to the strikers in the next few days. This will probably take the form of a government statement applauding the lack of serious violence.

It is likely the lower than expected impact of the strike means the government will stick to its resolve not to renegotiate the reforms.



Belarus reformist leader Stanislaw Shushkevich addressing parliament after being voted out of office amid accusations of corruption. Communists are now expected to resume power

Reformers urge Yeltsin to resist policy switch

By Leyla Boulton in Moscow

President Boris Yeltsin's supporters have told him he is courting disaster at the next elections if he endorses the government's change in economic policy and fails to crack down on organised crime.

Mr Sergei Yushenkov, a leader of Russia's Choice, the electoral bloc which includes some of the president's oldest supporters, said Mr Viktor Chernomyrdin, the prime minister, would "try to curb economic reform and his latest steps prove it".

Amid reports that Mr Chernomyrdin has already ordered more state credits for ailing enterprises, Mr Yushenkov called for his dismissal.

"We hope the president will at last realise the danger of curbing economic reforms and take the necessary decisions," Mr Yeltsin's spokesman, Mr Vyacheslav Kostikov, hedged his bets on how Mr Yeltsin would respond to the warnings. "The president did not expect such a bitter reaction

from the democratic wing of society," he said.

Although he admitted that some of Mr Chernomyrdin's statements had been a cause for concern, he said Mr Yeltsin would watch how the new government behaved in practice.

The president was also advised yesterday by Mr Pyotr Filippov, one of his senior aides, to create special security forces to fight Russia's mafia. Otherwise extremists like Mr Vladimir Zhirinovskiy might win presidential elections in 1996 by promising draconian measures to fight a breakdown in law and order.

Meanwhile, on a two-day visit to Rome, Mr Chernomyrdin, was quoted as vowing to keep his country on a reformist course.

He told Italian Prime Minister Carlo Azeglio Ciampi he hoped Russia would be admitted to the Group of Seven industrialised nations this year, and that his country aimed to work towards full membership of the European Union.

EIB chief questions need for new bonds

By Lionel Barber in Brussels

The European Investment Bank yesterday cast doubt on the need for new lending instruments such as "Union bonds" to fund large rail, road and telecommunications projects in Europe.

Sir Brian Urwin, EIB president, said the bank had plenty of spare lending capacity to fund so-called trans-European networks. This would remain the case for at least the next two years.

Sir Brian was speaking in Brussels where he reported that EIB lending last year had risen by 15 per cent to Ecu19.6bn (\$21.75bn), compared to Ecu17bn in 1992. Around Ecu7.5bn was advanced to trans-European networks.

Late last year, the European Commission, acting on the suggestion of Mr Jean-Luc Dehaene, Belgian prime minister, produced plans to raise money at cheap rates to lend on to governments to fund the infrastructure projects.

The plan aroused concern in the UK and Germany which questioned the suggestion that there was a financing gap.

Under a compromise, the Commission has set up a working party including senior officials from all member states - as well as Sir Brian - to first identify "sensible, viable and economic" projects and then tackle the financing issue.

In 1993, the EIB channelled Ecu12.5bn to the poorer regions of the Union. Spain, Portugal, Greece and Ireland attracted 37 per cent of total EIB lending.

The bank also doubled lending outside the EU in Asia, Latin America, and central and Eastern Europe to Ecu1.5bn. It is gearing up for a role in the occupied territories of the West Bank and Gaza as well as post-apartheid South Africa.

However, Sir Brian made clear he has no interest in being drawn into Russia which was "a wholly new and difficult area".

He expressed optimism that the new European Investment Fund designed to help small and medium-sized businesses would be up and running by April. A consortium of private banks from all 12 member states is expected to put up the required 30 per of the EIF share capital shortly; but Spain, Italy and Luxembourg have yet to ratify amendments to the original statute of the EIB.

Commission proposes to extend immigrants' rights

By David Gardner in Brussels

Immigrants legally resident in any country of the European Union should have the right to travel and seek employment in all other member states, even if they are not citizens of any EU member, according to a forthcoming document from the European Commission.

The idea, contained in a policy document the Commission is expected to send to the Council of Ministers of the 12 next month, is certain to meet fierce resistance from an EU still unprepared to grant free movement to its own citizens, although the latter is a legal requirement both of the single European market and the Maastricht treaty.

The draft Commission position is contained in a "communication" to the Council of Ministers on immigration and asylum policy. This does not yet have full Commission support, nor will it have the force of a legislative proposal. But

under Maastricht, the EU is called upon to play a bigger role in immigration and visa policy, hitherto the subject of secretive, frequently inoperative, intergovernmental co-operation between the 12.

The recent scale of immigration into the EU - especially from the former Yugoslavia and central Europe - has spurred EU governments to seek more co-ordination on curbing this influx. The 12 are also groping towards a common definition of political refugees as opposed to ordinary immigrants, many of whom seek a new life in western Europe under asylum procedures which vary throughout the EU.

The Commission paper also addresses the need to combat the recent upsurge in racist attacks against immigrants, and policies to promote their integration into host communities.

Intra-EU mobility for legal residents is part of this integration process, according to Mr Padraig Flynn, the EU commissioner responsible for social policy and immigration issues.

"I know that's a big step, and it may be necessary to take smaller steps in that direction, but that's what I'm aiming for," Mr Flynn says.

WILRIG

To the holders of shares of Wilrig AS

NOTICE

of

Extraordinary General Meeting

WILRIG AS

Notice is hereby given for the extraordinary general meeting of Wilrig AS (the Company) to be held on the 11th February 1994 at 13.00 hours at Wilrig AS offices at Strandveien 5, 1324 Lyseaker (Oslo), Norway.

The following matters are to be considered:

1. Election of three new directors to the board of directors including the chairman.
2. Amendments to the Articles of Association.

The board propose the following amendments to the Articles of Association:

Article 5 be amended to read:

"The board of the company shall consist of three to five directors. The company in general meeting shall elect the chairman of the board."

A director shall retire from the board at the first annual general meeting of the company held after he has reached 70 years of age."

Article 7, first paragraph to be amended to read:

"An annual general meeting of the company shall be held in each calendar year before the end of June. Annual general meetings and any extraordinary general meetings shall be convened by the board on not less than 14 days notice to the shareholders."

The other paragraphs of article 7 remain unchanged.

Shareholders who wish to amend the extraordinary general meeting must inform the Company at Strandveien 5, 1324 Lyseaker by no later than 8th February 1994.

Shareholders not attending the extraordinary general meeting may appoint a proxy to attend and vote on their behalf.

Lyseaker, 27th January 1994
The Board of directors of Wilrig AS

TELE
Telecom Finland

On January 1st 1994 Telecom Finland became an independent company with an estimated annual turnover of USD 1 billion, and just over 6000 employees. By far the country's largest telecommunications company, Telecom Finland provides a full range of national and international telecommunications services, from local and long-distance telephone service to mobile services, data communications and international connections.

tele communication

Telecom Finland's NMT-GSM mobile networks offer nationwide service. With almost ten mobile phones for every one hundred inhabitants, Finland is the world leader in cellular telephony. Telecom is also renowned for its pioneering solutions in LAN interconnection, Frame Relay and SDH technologies, and was the first company in the world to operate a commercial ATM service.

Among its international operations, Telecom Finland is a partner in several ventures offering voice, data and mobile services in Russia and the Baltic countries. In Estonia, Telecom Finland is upgrading the national telephone network in partnership with local and Swedish experts. In St Petersburg Telecom heads a joint Nordic-Russian consortium licensed to operate Russia's first GSM network. Telecom's fibre optic connections to Estonia and St Petersburg provide an ideal communications gateway between east and west.

In Turkey, Telecom has been awarded a licence to operate GSM services as a member of the Turkcell consortium. Telecom also holds equity in Pannon GSM, licensed to operate GSM services in Hungary. In central Europe, Telecom Finland serves international customers through a subsidiary in Brussels.

On January 14th 1994 Telecom Finland, together with Cable & Wireless of the UK, signed an agreement with the Latvian Ministry of Transport for the acquisition, over three years, of 49% of Latvia's national telecommunications operator, Lattelekom. Within ten years, Latvia will be served by a completely digital, state-of-the-art telephone network providing comprehensive national and international services.

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مکان امنیت

Case of déjà vu on EU travel

By Alan Cane

The row over the most recent delay in implementing the computer system underpinning the Schengen free-travel accord reeks of déjà vu to those involved in sophisticated information technology projects. The technology is rarely at fault; the management usually has a lot to answer for.

In this case the failure to appoint a prime contractor has led to an acrimonious squabble over responsibility for coordination of the project. The row is over the failure of the nine European Union signatories of the Schengen accord to meet a February 1 target for ending passport controls.

The Schengen system is simple in essence. A central computer in Strasbourg holds police and immigration records. Officials in the nine member countries of the Schengen accord – the UK, Denmark and Ireland have excluded themselves – have access to the information over telecommunications links.

The technology is tried and tested. Siemens Nixdorf, the German computer manufacturer, is initially providing one, then a pair of mainframe computers to manage the central records.

Bull, the French computer manufacturer, is providing the telecommunications infrastructure, and Sema Group, the Anglo-French computing services company, is developing the applications software. It also takes overall responsibility for the system.

Each of the nine countries has responsibility for developing its own system, linking police and immigration authorities, and ensuring it is ready for connection to Strasbourg.

It is not much of a challenge by modern computing standards, yet the system has been delayed repeatedly and now is certain to miss the most recent target date of February 1 for ending passport controls.

If the present rate of progress is maintained, it could be 12 months before the system is ready. Even when the links are established, each national system will have to be thoroughly tested.

What has gone wrong and, more important, why? Everybody agrees the central system is in good shape and has been for some months. The problem is that the essential links between the central system and the national systems are not all ready. Until the links are in place, system testing is impossible. At least three national systems must be connected if the system is to be tested realistically.

So far Belgium and the Netherlands have their links in place; France is expected to follow. Germany, however, is not ready to connect. Who is at fault? The Schengen authorities yesterday blamed Sema, arguing that it was contractually obliged to provide the linking software. Sema rejected the criticism.

Europe still seems to have some lessons to learn in project management. Schengen is not an episode to promote confidence that the EU can co-ordinate its efforts to create information superhighways or other large information technology systems.

Recession and blunders derail SNCF

John Ridding on attempts to regain passengers and freight and reverse the rail network's losses

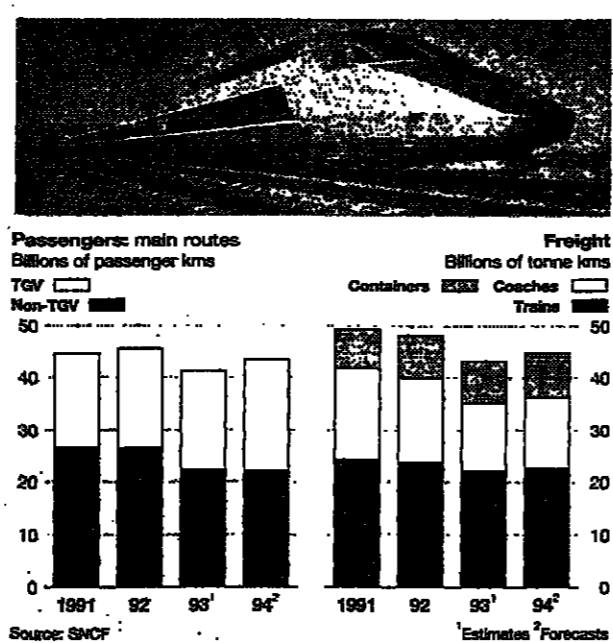
The line of sleek high-speed trains pointing out from the Gare de Lyon in Paris provide a shining image of modern and efficient rail travel. But for users of the SNCF rail network the image has been tarnished. The state-owned railway is struggling to win back passengers and freight after one of the worst years in its history. In 1993, traffic fell by 7.5 per cent to 48bn passenger kilometres (the number of kilometres travelled by passengers) and the volume of freight fell by 10 per cent to 43.5bn tonne kilometres.

Final figures are expected to show total losses for the rail system of about FF85bn (£900m), the biggest for more than a decade.

The reasons for the decline are partly to be found in the effects of recession which have reduced demand for rail travel and the transport of goods. However, the fall also reflects a series of commercial blunders, which have disenchanted passengers, and a structural decline in the attraction of rail freight.

Stung into action, SNCF's managers have launched a commercial strategy aimed at restoring the railway's image and reversing its financial per-

SNCF passenger and freight traffic



formance. A new team, headed by Mr Jacques Berducou, took charge of SNCF's passenger operations at the end of last year, and has sought to identify and rectify the railway's problems.

Mr Richard Angé, chief assistant to Mr Berducou, estimates that more than half the decline in passenger traffic in 1993 could be put down to economic factors. "Commuter services were hit

by the effects of rising unemployment and depressed demand," he says. Inter-city traffic fell by about 9 per cent, while cross-border travel to Italy and Spain fell victim to the effects of currency depreciation in those countries.

It is the non-economic factors, however, which have really worried the SNCF. "We lost customers because of commercial problems and a damaging of our relationship with passengers," admits Mr Angé.

The principal culprit was an automated booking service, known as Socrates but which proved to be one of the railway's most unwise investments. Problems in the system's software quickly became apparent after its introduction at the beginning of last year. This, combined with a lack of training for SNCF staff, resulted in chaos at the ticket office.

"It was a catastrophe," says Mrs Simone Bigorne of the FNAUT, the French federation of transport users. She cites the example of one member of her family who was forced to fly to Barcelona because Socrates did not recognise the Spanish city as a destination.

The problems with Socrates have now largely been resolved. Improved software

and training means that that the system is now operating as planned, reducing transaction times and increasing information to passengers. But Socrates was not the only problem.

"There was a feeling we were too rigid in terms of price and

The need to cut jobs, which has resulted in annual reductions in the workforce of more than 5,000 over the past few years, has sapped employees' morale. Strikes in protest at job cuts and the difficulty of investing in new trains, particularly on new lines, has caused

various measures, says the SNCF, should allow passenger traffic to rise by its target of 5 per cent this year and to allow these operations to break even.

Ambitions in the freight services are still more modest, with a reduction in losses from last year's FF2.5bn as the goal in terms of market share and volumes, rail freight has been in steady decline since the early 1970s. The rise of competition from road hauliers and the shifting structure of France's economy away from products such as coal and steel has reduced the advantages of the railways.

SNCF is seeking to stem the decline in freight by developing its so-called combination operations, services which allow containers to be transported by both road and rail. Again, freight activities should receive a boost from the extension of the rail network.

SNCF estimates, for example, that about 5m tonnes of freight will travel through the Channel Tunnel every year from the second half of the decade.

But the problems facing freight run deep. Wooing disgruntled French passengers is delicate, but manageable. Seducing French industry is an altogether more difficult task.

'We lost customers because of commercial problems and a damaging of our relations with passengers... We were much too rigid in terms of price and access to trains'

access to trains," says Mr Angé. In particular, passengers complained about the cumbersome system of compulsory reservations for journeys on SNCF's Trains à Grande Vitesse and the complex pricing structure of rail fares.

On both counts, Mr Angé cites progress. The reservation fee on TGV lines has been reduced from FF18 to FF10, and it is no longer an automatic offence to board a train without a ticket.

As of this week, the pricing system has been simplified and a series of discounts has been introduced on high-speed lines. Attempts to improve services are, however, complicated by the group's financial position.

delays and dissatisfaction, says the FNAUT.

Responding to economic conditions is also hard. With French economic recovery expected to be only gradual, SNCF is counting on the effects of new routes and more attractive prices to offset depressed demand.

A high-speed circle line to the east of Paris is due to start operating in June, while the Channel Tunnel to Britain will provide a new source of revenues. Fare increases, announced this week, are being limited to an average of 1.2 per cent, to lure passengers from the roads and the airlines.

The combination of these

Rexrodt plays for big stakes in energy

By Judy Dempsey in Berlin

By drafting legislation aimed at opening up Germany's energy sector to more competition, Mr Günter Rexrodt, the economics minister, is taking on part of the country's establishment, officials said yesterday.

Mr Rexrodt wants the country's electricity grid and gas networks to be thrown open to foreign and domestic competition. This would reduce energy prices, which for some categories are the highest in the European Union and break the political and economic influence held by giant utilities such as RWE, PreussenElektra and Bayernwerk.

Officials from RWE, the largest utility, said Mr Rexrodt's plan were not surprising. "It's not really a new theme [from the ministry] we are hearing. Let us see the final draft legislation," he said.

But officials from Veba, the energy-based conglomerate whose electricity subsidiary, PreussenElektra, holds a fifth of the market in western Germany, said the measures should be matched by greater competition in the rest of Europe. "Everyone says the energy sector in Germany is a monopolistic structure. But what about other EU countries," he said.

What makes Germany different is that there is no single formal regulatory body overseeing electricity pricing. The regional utilities, or the distribution companies, must agree their tariffs with local municipalities, which often own part of the utilities.

However, officials in Bonn and Brussels are sceptical that Mr Rexrodt can succeed, particularly in an election year, although they realise he has to try.

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NEWS: EUROPE

Leyla Boulton describes the western Mr Big with top-level connections in four former Soviet republics

The Soviet insider, the gold, and Kyrgyzstan's political innocents

Mr Boris Birshtein, a Soviet émigré who runs a Zurich-based trading company, enjoys the rare distinction of having caused the resignation of one country's government and of being involved in the downfall of another's vice-president.

As a result of the scandals which have erupted around him, his Seabeco group, with annual turnover of \$500m, has attracted more publicity than otherwise warranted by its size. Since the Soviet Union's collapse, he has gained impressive access to the leaders of at least four of the new republics, offering them foreign trips and practical help in running their affairs.

Not surprisingly for the state-dominated economies of the former Soviet Union, where good political connections have always been essential to clinch deals, Mr Birshtein was able to expand his business with their assistance.

As the political leaders struggled with the problems of trying to establish functioning governments and market economies on the ruins of the monolithic Soviet system which concentrated expertise, resources, and talent in Moscow, his help came as a godsend.

But their inexperience and low pay made them prone to the corruption and incompetence which have fed nostalgia for the old Soviet Union – the sentiment on which Mr Vladimir Zhirinovskiy, the Russian neo-fascist, campaigned to win a large chunk of the vote in last month's parliamentary elections.

Mr Birshtein can certainly point to simply being good at business in a half-reformed system where high-level political connections have long been essential for clinching deals. The information unveiled as a result of the scandals around Seabeco says more about the officials who have treated state property as their own and, in the case of Russia, exploited false allegations against him to settle political scores.

"It's not a secret for anybody that there is corruption in Russia but I'm not a policeman. I never in my life did anything illegal," says Mr Birshtein.

A native Russian speaker who started building up business contacts in Moscow after emigrating to Canada in 1979, Mr Birshtein was in a unique position to exploit opportunities offered by the Soviet Union's collapse in December 1991.

As Mr Birshtein told the Financial Times: "From 1982... I spent a lot of time, step by step, meeting a lot of people, building connections and relations. These connections led me to the top."

As the president of Kyrgyzstan, Mr Askar Akayev, then one of his eager partners, recalls: "Boris Birshtein made a big impression on us. First of all through his respectability. He had his own private jets, and when in Moscow, he stayed in places to which only the most powerful Politburo members had access. Birshtein did not hide this and was

proud of his ties with the great and powerful of this world. Secondly, his commercial proposals corresponded to what we were looking for."

Nowhere is the inexperience of his partners clearer than in Kyrgyzstan, one of the smallest and poorest republics, where the entire cabinet resigned last month over allegations that Mr Tursun Chynyshev, the prime minister, personally profited from a joint venture set up with Mr Birshtein to develop the republic's gold wealth.

In 1992 Mr Birshtein's private jets ferried 16 tonnes of gold concentrate from Bishkek, the remote Kyrgyz capital, to Zurich. In Switzerland, the gold was refined by a Swiss company called Metaux Precieux SA Metalor, and stored in the vaults of Union Bank of Switzerland as collateral for a \$13.8m credit line to Kyrgyzstan. A parliamentary investigation claimed irregularities appeared in the spending of this money, as well as in the amount of gold finally put at the disposal of the Kyrgyz public purse in February 1993.

It also asked whether the gold was used secretly by Kyrgyz officials to raise funds for their own benefit before the credit line was made available in February 1993. Until then, imports produced by Metalor from Kyrgyz concentrate were kept for an annual fee of 0.2 per cent at Banque Indosuez in Zurich in the gold deposit account of a Liberian-registered company called Wico International – in which 50 shares were held by Seabeco, and the remaining 450 by Kyrgyzstan.

But Mr Chynyshev has come under particularly harsh scrutiny for joining the board of a joint venture called Seabeco Kyrgyzstan, whose founding documents describe its aims as "trading in goods of all kinds, financing of investment projects, consultancy in economic and financial matters, and purchase of real estate".

Illustrating the government's dependence on Mr Birshtein, who was even appointed head of an official committee for the reconstruction and development of Kyrgyzstan, the government said it paid \$1.5m to Seabeco out of the \$13.8m credit line. It said this was repayment for items including weapons for the leadership's bodyguard, four Volvo-940 limousines to ferry around the president and other high officials, and equipment to upgrade Kyrgyzstan's gold mining industry.

Again, as part of Mr Birshtein's helping hand strategy, Seabeco helped set up Kyrgyzstan's first international business school, which last month

produced its first 40 graduates. It was also instrumental in bringing to Kyrgyzstan the man who devised its first market reform programme, Mr Charles McMillan, previously an adviser to Mr Brian Mulroney, the former Canadian prime minister.

But parliament challenges the government's version of how the government spent the \$13.8m, including the payments made to Seabeco. Parliament said the weapons and cars were given to the Kyrgyz leadership by Seabeco but were subsequently described as a purchase to help the government plug holes in its account of how the money was really spent.

Although it is still not clear exactly how much money was pocketed by officials, Mr Akayev does not disagree with an estimate that at least \$4m went missing.

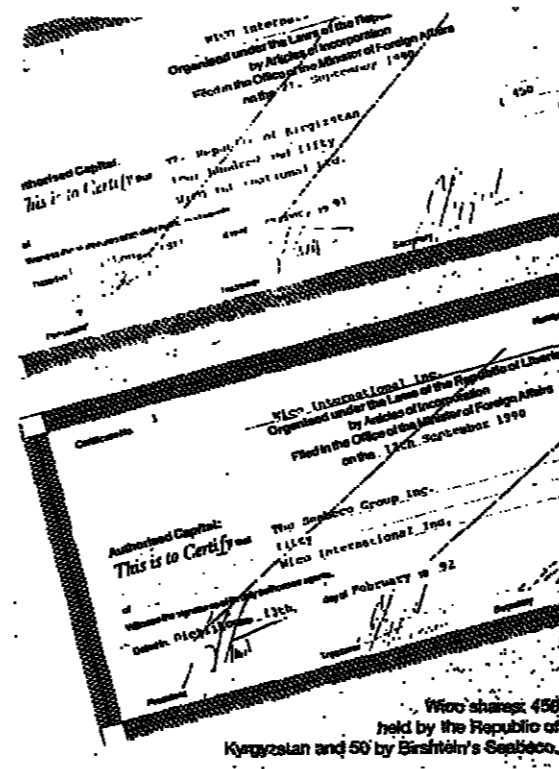
"Even if it was just \$4m, that is a substantial amount for a small republic like Kyrgyzstan," said Mr Ramazan Dordayev, deputy chairman of the commission which conducted the investigation.

"If people who are supposed to be monitoring the use of resources decide to enrich themselves, then you have to say they are corrupt. We hope that the fact the president understood us and that parliament supported us means there will be less ugliness in future."

In trying to unravel the Seabeco inheritance, the Kyrgyz parliament is also keen to review the contract for the development of Kyrgyzstan's Kuntur gold deposit awarded to Cameco, a Canadian mining company introduced to the Kyrgyz leadership by Mr Birshtein. Cameco is a well-known Saskatchewan company which is the world's largest uranium producer and has been looking for ways to diversify into other metals, such as gold.

Although they said they would now think twice about using Mr Birshtein as their agent because of the controversy which has erupted around him, Cameco executives said he did a good job in helping them arrange the deal. Since then, however, the repercussions of the Seabeco scandal have sufficiently alarmed Cameco to prompt its local representative to defend the deal in a Bishkek newspaper article.

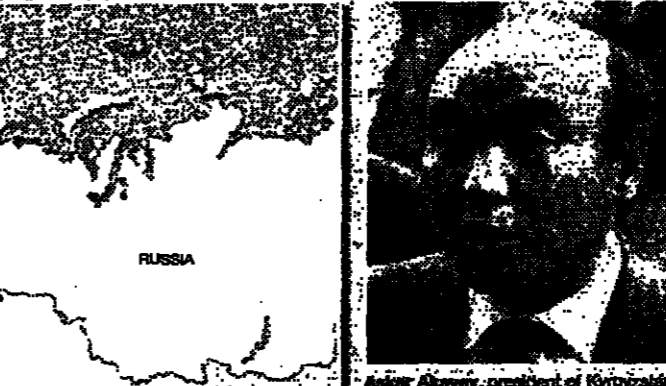
The article said that Cameco had signed the deal only after verifying that it was in line with Kyrgyz law, that it had revised the terms of the deal several times to satisfy the Kyrgyz side, and that it had already invested \$6m in the project and hoped to go ahead – but only on condition that the Kyrgyz side removed "uncertainty" over the deal. Parliament has set the new



Mircea Snegur, president of Moldova. "I had a meeting with the Moldovan president," says Birshtein. "I said I see how you are suffering. I said I could arrange a meeting with the then Russian vice-president Mr Rutskoi as I knew him."



Askar Akayev, president of Kyrgyzstan. "Boris Birshtein made a big impression on us. When in Moscow, he stayed in places to which only the most powerful Politburo members had access."



Yuri Orlov, a senior Agrokhim executive at the time, explains that the joint venture with Seabeco was a convenient vehicle for marketing fertiliser exports in the west and importing western equipment and consumer goods needed by the corporation at home. Claiming that state funds channelled through the joint venture were "strictly controlled" by the Soviet authorities, he said he saw nothing wrong with the fact that Agrokhim received part of the commission fees it paid to its own joint venture for selling its own fertiliser.

For his part, Mr Birshtein, who deplored damage done to his business by the allegations against him and Mr Rutskoi, says his only mistake was getting so closely involved in politics. "I'm never going to do anything like that again," he said. "Everybody has to know their place. If you're a businessman, don't touch politics."

Concerned about the effects of Russia's political instability on business, Mr Birshtein says he tried to mediate a truce between Mr Yeltsin and Mr Khasbulatov ("I got a meeting with the president. It's much simpler than you think"). Within weeks, however, the

president's men produced allegations that Mr Rutskoi had received kickbacks from official imports of babyfood with Mr Birshtein's help, which were then used as a pretext to expel him from his Kremlin office.

A presidential decree suspending Mr Rutskoi "pending clarification" of the allegations proved little more than a manoeuvre to clear the way for Mr Yeltsin's unconstitutional dissolution of parliament on September 21. This was followed by Mr Rutskoi's leadership of the armed parliamentary rebellion on October 3, for which he is now awaiting trial.

However, four months after the initial corruption allegations were made, Mr Gennady Ponomarev, the Moscow city prosecutor in charge of the case, has found "no evidence" to charge Mr Rutskoi with corruption. Now he wants to prosecute for slander the presidential officials who made the allegations in the first place.

The case provides the clearest illustration of how Russian politicians, including Mr Yeltsin, have used corruption allegations to discredit political rivals rather than to fight the corruption that is gnawing at the heart of Russian society.

Mr Ponomarev did, however, launch a criminal investigation into Agrokhim, a state-owned monopoly producer of mineral fertilisers, over its use of a joint venture with Mr Birshtein's Seabeco.

Mr Yuri Orlov, a senior Agrokhim executive at the time, explains that the joint venture with Seabeco was a convenient vehicle for marketing fertiliser exports in the west and importing western equipment and consumer goods needed by the corporation at home. Claiming that state funds channelled through the joint venture were "strictly controlled" by the Soviet authorities, he said he saw nothing wrong with the fact that Agrokhim received part of the commission fees it paid to its own joint venture for selling its own fertiliser.

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Additional reporting by Christina Freeland in London, Steve Levine in Tashkent, Jill Barshay in Kiev and Bernard Simon in Toronto

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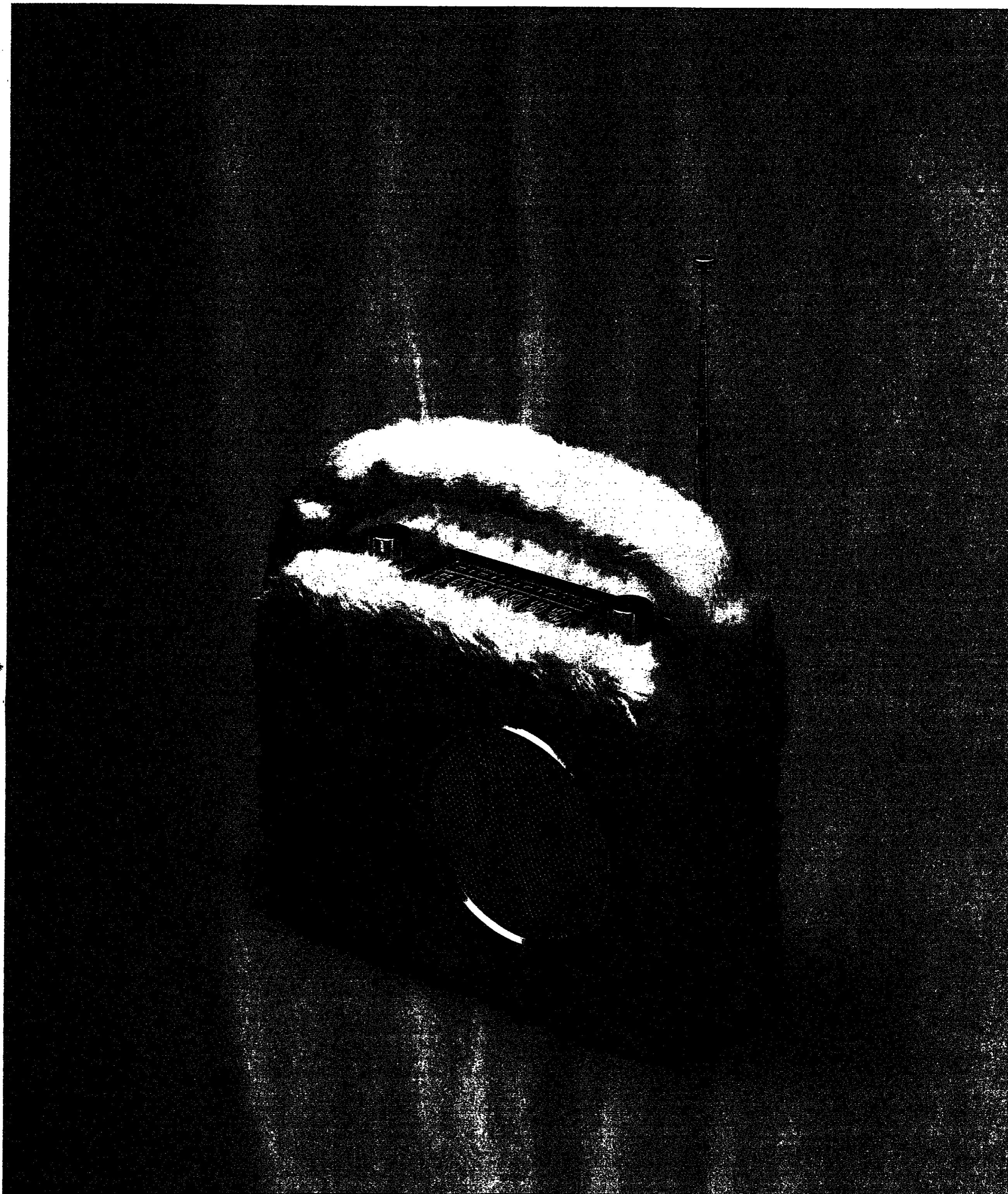
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NEWS: INTERNATIONAL

Israeli parties greet Hussein-Rabin links

By Julian Ozanne in Jerusalem

In a rare display of Israeli political consensus on the Middle East peace process, leaders across the political spectrum yesterday welcomed the announcement by King Hussein of Jordan that he is ready publicly to meet Mr Yitzhak Rabin, the Israeli prime minister.

The prospect of growing economic and political contacts with neighbouring Jordan before a formal peace treaty will bolster the domestic political standing of Mr Rabin in face of growing public opposition to territorial and "security" concessions to the Palestinians and Syria.

Mr Rabin said he was ready to make the necessary preparations to meet the king without pre-conditions; the king's offer represented "significant progress" in the peace process.

Mr Shimon Peres, Israeli foreign minister, said the time had come "to legitimise public peace with Jordan".

Mr Benjamin Netanyahu, leader of the right-wing opposition Likud party, said he fully supported peace with Jordan.

as an important step to a permanent solution with Palestinians in a confederal arrangement with Jordan. Even the ultra-right wing Tsomet party, led by Mr Rafael Eitan, endorsed the move.

Israeli leaders have been delighted with the king's statements in the US this week where he has outlined a vision of peace with Israel.

The Jordanian monarch continues to insist he will not sign a formal peace agreement ahead of Syria, but he intends to go ahead unilaterally with political, diplomatic and economic contacts. King Hussein has said that unless peace agreements are concluded this year, the region faces the prospect of deep instability. He has called for a Middle East which holds the prospect of an entirely different future.

"The talents that are available, the resources that are available, the opportunities that are available I believe will transform the entire region," he declared. "The removal of physical and economic barriers could produce what he called 'a Middle East Nafta'."

Israeli officials believe a Hussein-Rabin summit will lead quickly to economic co-operation, including the opening of borders to stimulate regional tourism and trade; joint Israeli-Jordanian development of the Jordan Valley between the Sea of Galilee and the Dead Sea; the development of a tourist project between Jordan, Israel and Egypt around cities on the Red Sea; joint energy in projects in electricity and solar power, and new road networks.

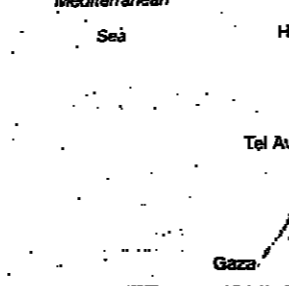
Mr Peres, who met secretly with King Hussein and Crown Prince Hassan last November, says a peace agreement has been prepared in detail under which Israel will cede disputed Israeli-held areas of the Dead Sea and Arava valley to Jordan and then lease them back at a nominal price. Mr Peres, however, says he believes that Israel and Jordan will move as close as possible towards full peace in 1994 without a formal signing ceremony.

A major business conference sponsored by President Bill Clinton is due to take place in Amman in March, bringing together Arab, Jewish and international business and political leaders on Arab soil.

"The talents that are available, the resources that are available, the opportunities that are available I believe will transform the entire region."



King Hussein of Jordan



PM Yitzhak Rabin of Israel

"Israel is ready for peace and willing to take risks and make dramatic decisions. We are looking for a peace that would last for generations to come."

For Mr Rabin, unfolding peace with another Arab neighbour will shore up public support for the government's peace policy. Since last September's peace accord with Palestinians, many Israelis have expressed concern about security and have not seen any tangible benefits of peace.



Mr Morihito Hosokawa, Japanese prime minister

Hosokawa appeals to public urged to back reform

By William Dawkins in Tokyo

Mr Morihito Hosokawa, Japan's prime minister, yesterday passionately appealed for public support for his plans to reform the electoral and political system.

"We must show the world that Japan has become a mature democracy whose people are able to make wise decisions," he told a meeting of 100 politicians and academics.

The public would lose confidence in party politics and Japan would lose the international community's trust if the reform bills failed, Mr Hosokawa warned. "We can no longer hope that economic stimulus measures can succeed without realising political reform," he added.

He called on Mr Yohsei Kono, president of the opposition Liberal Democratic party, to meet him in a final bid to thrash out a compromise on the plan which was voted down in the upper house of parliament last week.

Mr Hosokawa called on voters to "express your feelings through actions" and telephone or fax local Diet members. His direct public plea was the latest tactic in a battle in which traditional political rules are being broken.

The Japanese leader has staked his job on winning agreement to scrap Japan's unique multi-seat constituency system and to curb corporate political funding, both factors in the recent spate of corruption scandals.

Mr Hosokawa hinted yesterday that he would, after all resign if his four political reform bills fail to reach parliamentary agreement by their Saturday deadline. "I would not insist on the post of prime minister if I could not deliver on my promise... to realise political reform," he said.

The seven-party coalition appears divided on strategy as these statements contradicted a senior government official who earlier insisted Mr Hosokawa and his cabinet would stay. According to an opinion poll by JNN television news yesterday, Mr Hosokawa's support rating fell from 63.4 per cent at the end of last year to 54.8 per cent in the days before the upper house vote.

A joint panel of the upper and lower houses of parliament met yesterday to examine the latest in a series of compromise plans offered by the coalition. The LDP agreed to study the new proposal with a view to reconvening in the evening but LDP officials said they did not want to accept Mr Hosokawa's invitation to a summit meeting while the panel talks were continuing.

Failure to get agreement in the panel increases the likelihood that Mr Hosokawa will call a snap vote on the plans in the lower house today, his final chance. He has little chance of winning such a vote, but the move would further split the LDP.

Meanwhile, speculation is growing that public prosecutors are considering the arrest of three former cabinet ministers on suspicion of accepting bribes.

These would be the first national figures to be obtained in a widening inquiry into bribes for contracts in the construction industry. Legally, politicians can plead immunity while parliament is in session, but it will be in recess on Sunday, the one day between the closure of the present session and the opening of the next.

Qatar discusses \$1bn Israeli gas deal

By Julian Ozanne

Qatar has confirmed it is negotiating a natural gas deal with Israel worth more than \$1bn (\$671m) and that is also considering moves to ease the Arab economic boycott of Israel.

Sheikh Hamad bin Jassim bin Jibr al-Thani, Qatari foreign minister, said in Washington that the Gulf state had started preliminary discussions with Israel. Further development, he added, would depend on a feasibility study and progress in Middle East peace talks, particularly negotiations between Israel and Syria.

The minister said also that Qatar was considering taking action to lift the Arab boycott of Israel and would discuss the issue with Mr Warren Christopher, US secretary of state, who has been pressing Arab states to ease sanctions.

Mr Hamad al-Thani's statement follows a secret meeting in London last Sunday with Mr Shimon Peres and Mr Moshe Shahal, respectively Israel's foreign and energy ministers. Mr Peres yesterday confirmed the meeting had taken place. For months Qatar had categorically denied Israeli reports it was discussing the gas project with the Jewish state.

The Israeli-Qatari gas project involves supply of natural gas to Israel and the use of Israel as an export terminal for Qatari gas through the Mediterranean Sea to Europe. Qatar has reportedly pledged to supply the Israeli market with natural gas for 25 years.

Israel needs 8.7m tonnes of oil equivalent a year to convert its electricity generation from coal and oil to gas. It is also looking for cheaper energy sources to supply its petrochemicals industry in the Negev Desert. The Qatari project could also sell natural gas to the Palestinian self-government region.

Israel says Qatar has agreed to pay \$1m for a feasibility study. One option is to build a gas pipeline from the Gulf state to the Israeli port of Ashdod, where Qatar would construct a gas liquefaction plant. Another is to ship gas to the Israeli Red Sea port of Eilat and pipe the gas from there to Ashdod. A third component of the project might be to build a pipeline under the Mediterranean to transport Qatari gas via Israel to Europe.

Mr Shahal said Israel was talking to more than one Gulf state about importing gas. It had made progress in its project to link its electricity grid to Egypt's: an early project would be to connect Eilat with the Egyptian Red Sea resort of Taba and the Jordanian port city of Aqaba.

Israeli officials believe the Qatar project is a step towards regional co-operation and integration in the Middle East.

In the energy sector, Israel says other projects are being considered, including a gas pipeline from Egypt, an Israeli-Jordanian solar energy scheme, a possible oil export terminal, and exploiting the difference in the levels of the Dead and Mediterranean Seas to produce electricity and desalinate water.

Creditors threaten to sue Abu Dhabi

A group of creditors to the collapsed Bank of Credit and Commerce International is threatening to sue the government of Abu Dhabi, the bank's majority shareholder, for a larger settlement, writes Andrew Jack in London.

Creditors owed about \$2bn by BCCI yesterday agreed to push for "a just and immediate" payment from Abu Dhabi. A meeting in Cairo included representatives from the Islamic banks in the Middle East and was convened by Mr Adil Elias, a member of the BCCI creditors' committee and one of three creditors who opposed in the courts the previous agreement between BCCI's liquidators and Abu Dhabi.

Mr Elias said yesterday that unless Abu Dhabi contributed \$3bn-\$4bn to the creditors, his group would sue to recover their own claims plus damages through the courts in England, and possibly Luxembourg and the US.

National talks fail in Algeria

Algeria's conference for National Reconciliation has ended without naming a president to replace the five-man High State Council which has ruled the country since the suspension of elections two years ago, writes Francis Ghiles in London.

The meeting was boycotted by Algeria's main political parties, including the lay Front des Forces Socialistes, led by Mr Hocine Ait Ahmed, and the former ruling Front de Libération National Party. Both urged Algerian leaders to open negotiations with the banned Islamic Salvation Front which was poised for victory at the polls two years ago.

See Editorial Comment

Keating predicts faster growth

Mr Paul Keating, Australia's prime minister, yesterday said the annual growth rate could reach 4 per cent or more in the near future, writes Nikkita Tait in Sydney.

Consensus forecasts for Australia's growth are around 3.4 per cent this year, rising to 3.6 per cent in 1995. An improvement in the forecasts would reinforce an increasing cheerful view of the Australian economy.

Last chance to ensure S Africa right joins all-race elections

By Patti Waldmeir in Pretoria

South Africa's future hung in the balance last night as negotiators from the right-wing Freedom Alliance met the government and African National Congress for talks. All three sides said these represented the last chance to ensure the right wing joined in April's all-race elections.

On the eve of the meetings, Chief Mangosuthu Buthelezi indicated his preference for boycotting the poll, though senior leaders in his Inkatha Freedom Party argue for participation. The party's central committee deferred the decision until this week-end's Inkatha party conference at the KwaZulu capital, Ulundi, to be attended by some 8,000 delegates.

Chief Buthelezi told the central committee he did not expect talks to yield the constitutional amendments Inkatha is demanding (changes which would give greater powers to regional government); it would be morally wrong to contest the elections under a flawed constitution. To do so would mean "betraying the sacred charge history has bestowed

South Africa's yearly inflation fell to 9.7 per cent in 1993, down on the 1992 figure of 13.9 per cent and the lowest since 1973, writes Matthew Curtin in Johannesburg. Although December month-on-month inflation rose 0.3 percentage points to 9.5 per cent, economists believe inflation could fall as low as 8 per cent in April. Good summer rains and buoyant business confidence are expected to assist growth during 1994 after a four-year recession.

on me as a democrat and prime minister of the Zulu kingdom". Powerful Inkatha leaders argued Inkatha would be destroyed if it boycotted the poll; it could more effectively fight the constitution from within the new parliament than from outside. Inkatha, which has no army (even the KwaZulu government it controls has only a police force), would not be able to put up effective armed resistance to the central government, with its powerful armed forces, they argued.

Other Inkatha officials said the party should take part in elections, but fail to take its seats in parliament to protest against the constitution. The central committee decided to make no recommendation to the party conference, which begins tomorrow. But Inkatha sources said this might favour the position of Chief Buthelezi, because the conference will be packed with rural delegates who traditionally obey their leader's recommendations. Those Inkatha leaders who favour participation have less backing within the conference.

Chief Buthelezi warned of violence if the current constitution is accepted: "We will never have peace, stability and prosperity if we repeat the failure of Russia and east Europe to recognise that centrist constitutionalism imposed over a plural society... can only give rise to disruption, violence and finally civil war."

Separate talks were being held last night on a homeland for right-wing Afrikaners, recognition of the status of the Zulu king in the new constitution, and general constitutional amendments to strengthen regional government.

Sweden stops aid for ANC after 20 years

By Hugh Carnegie in Stockholm

Sweden yesterday ended 20 years of financial backing for the African National Congress. Funding from Sweden had previously accounted for up to 40 per cent of the South African group's budget, according to Swedish officials.

The right-centre coalition government of Mr Carl Bildt last week decided to stop the aid flow which had been started in the early 1970s by a Social Democratic government. Saying that the ANC had become a political party which no longer qualified for government assistance, the cut-off date was set at three months before South Africa's first multi-racial election scheduled for April 27.

Officials said aid to the ANC was SKr110m (£9.1m) in the 1992-93 Swedish budget year, out of total Swedish development aid to South Africa of SKr240m. It is being maintained at last year's level in the current budget year, despite the cut to the ANC, but will fall to SKr220m in 1994-95.

Kazakhstan offered IMF, Japanese loans

By George Graham in Washington

The International Monetary Fund has agreed to lend Kazakhstan a total of 185m special drawing rights (\$170m) to support the government's economic reform programme.

The first SDR52m will be available immediately as Kazakhstan's second drawing on the Systemic Transformation Facility, a fund set up with looser conditions by the IMF to help former communist countries overhaul their economies, but the remaining SDR124m have been authorised under a normal IMF standby arrangement, which is conditional on a tough economic stabilisation programme.

In a further boost to the Kazakh government, Japan has agreed to provide \$145m (£97m) of financing in parallel to the IMF loans, the first for a standby arrangement.

The agreements follow a meeting of donor countries in Paris two weeks ago at which Kazakhstan received pledges of aid totalling \$1bn this year. US officials have praised the country for its commitment to free market economics and for its

willingness to give up Soviet nuclear weapons based on its territory.

Although Kazakhstan has been viewed by some western lenders as a model among the republics of the former Soviet Union for economic reform, its economy still faces severe problems. Mr Daulet Sembayev, central bank chairman, said this week the country's gross national product fell 13 per cent last year while inflation rose by 2.70 per cent.

Following the introduction in November of an independent currency, the tenge, Kazakhstan is now aiming to cut monthly inflation to 3 per cent by the end of this year, and to reduce the fall in output to 3 per cent over the course of 1994.

The IMF said yesterday the standby programme included particular attention to the provision of a social safety net for the most vulnerable segments of the population.

The government aims to limit its fiscal deficit in 1994 to 4 per cent of GDP through measures that include new import tariffs and export duties, a simpler structure for value added and income taxes, and significant reductions in tax exemptions.

Hassan speeds business ventures in Morocco

By Francis Ghiles

King Hassan of Morocco has established a committee to help foreign investors who encounter problems setting up business in Morocco. The "Comité de Soutien et d'Impulsion des Investissements" (CISI) will include Morocco's leading commercial banks and be chaired by Mr Mohamed Seqat, central bank governor. Moroccan officials say the CISI is not a substitute for existing ministries but an effort to speed decisions by submitting problems directly to the head of state, thereby simplifying a process taking up to eight months.

An important factor behind the fast-track committee is the growth of foreign investment which last year reached \$500m. (\$333m), covering the whole of the current account deficit. In 1992 and 1991, foreign investment covered 50 per cent and 23 per cent respectively of the deficit.

The flow of investment from abroad is being encouraged by the privatisation programme initiated 13 months ago. Observers in Casablanca expect that programme to be accelerated in the next few months because of this year's budget deficit, estimated at

PRIVATISATIONS SINCE 1 JANUARY 1993				
Company	Sector	Buyers	Price (dirhams m)	
Amandiers	Hotels	Local	5.0	
Basma	Hotels	Local & foreign	50.0	
Chelco	Clothing	Foreign	10.2	
Cior	Cement	Local & foreign	614.0	
Comagri	Agriculture	Local & foreign	20.0	
CTM	Transport	Local	110.5	
Petrom	Petroleum	Local	145.0	
Snap	Petrochemicals	Local	364.3	
Sodiers	Yeast production	Local & foreign	28.8	
Shell Maroc	Petroleum	Foreign	450.0	
Tarik	Hotels	Local	15.5	

Source: Upper Securities, Casablanca

about \$500m. The privatisation programme brought the state a foreign income of \$250m last year, a figure which the authorities hope to boost to \$340m in 1994.

The four petrol and oil products distribution companies are being privatised. Petrom was sold to a Moroccan investor a few weeks ago while Shell has just bought the distribution company which bears its name. The Mobil and Total distribution networks are next on the list.

Other key privatisations this year will include four leading banks in which the state owns

more than a 50 per cent stake: Crédit Industriel et Hôtelier, Banque Marocaine du Commerce Extérieur, Banque Populaire and Banque Nationale du Commerce et de l'Industrie. But the state is expected to retain a core holding of 33.3 per cent of shares in each institution.

The privatisation programme and recapitalisation of Moroccan companies have boosted activity on the previously sleepy Casablanca stock exchange.

Transactions last year increased by 365 per cent to DH 25.7bn (£1.79bn).

Disquiet over CFA franc fall

David Buchan on the lament within France's 'Africa lobby'

Many in France's "Africa lobby" of traders, investors and a few older politicians are still fuming about the 50 per cent devaluation two weeks ago of the CFA franc, used by 13 French-speaking countries of west and central Africa.

Politically, they accuse the French government of betraying its old colonies and friends in Africa. Economically, they see an end to a good market in which African ability to purchase French goods was kept artificially high by a parity unchanged since 1948. Financially, they are reeling from the implications of having their African assets halved and cash flow severely disrupted.

"Two categories have been cheated: the African people and French companies," says Mr Jean-Pierre Prouteau, head of the Conseil des Investisseurs Français en Afrique (CIAN). He has complained to the prime minister, Mr Edouard Balladur, that the devaluation's damage to the French private sector will amount to FF10bn. The Balladur government's failure to provide speedy help to French companies is, according to Mr Jean-Louis Vilgrain, head of the French employers' Africa committee, "deeply damaging

because it gives the impression that there is more devaluation to come."

The general French reaction seems to be along the lines that "Africa was living above our means", that French aid to the CFA countries was doing little good in economies whose currencies had got so out of line with their real competitiveness, and that devaluation was, if anything, overdue.

But the speed with which Mr Balladur, within five months of coming to power, set about trying to avert a party between the French and CFA francs that had not changed for nearly 50 years, has disquieted some Gaullists around the party leader, Mr Jacques Chirac.

Nonetheless, Mr Michel Roussin, who came to the job of aid minister after serving Mr Chirac and a spell in the French secret service dealing with francophone Africa, insists that overtly France took no sides in the devaluation decision which was one for sovereign African states.

But the alternative to devaluing was not rosy. French aid would have been entirely swallowed in helping CFA states to service their foreign debt because without devaluation these states would not have got fresh credit from the Inter-

national Monetary Fund, the World Bank and other donors. The relationship between CFA members and France would have been increasingly like "that of Cuba and the old Soviet Union", says a Roussin aide.

Since the devaluation on January 12, however, Ivory Coast, Senegal, Mali and Niger have signed "letters of intent" with the IMF on adjustment programmes, and other CFA states are due to follow. France, for its part, is increasing its budgetary aid (as distinct from aid for development projects) to CFA countries from FF13.4bn (£382m) last year to FF15.2bn this year, while writing-off of FF25bn of CFA debt to France will be a budgetary cost to Paris of FF1.5bn a year over the next three years.

In addition to setting up a FF300m "social fund" for CFA countries, Mr Roussin is also trying to persuade French pharmaceutical and publishing companies to reduce the now much-raised cost of imported drugs and school books to francophone Africa.

But there are other adjustment costs for the French private sector, which employs 45,000 expatriates in the CFA zone. Devaluation will not

affect petroleum sector employees of Elf-Aquitaine and Total who are paid in dollars or French francs. In the latter category are French government aid workers, and Mr Roussin has said they will have to take a pay cut in solidarity with the Africans who carry only CFA francs.

Speaking for CIAN, whose 100 member companies have more than 1,000 subsidiaries in CFA countries, Mr Prouteau says the devaluation has halved the value of their FF10bn local assets, which will force many of them into making extra provisions on their 1994 balance sheets.

Similarly halved is the value of unpaid CFA commercial debts to French companies, which Mr Prouteau puts at the equivalent of \$7bn-\$8bn. Increasing CFA central bank restrictions and liquidity shortage in the local banking systems has much delayed repayment of these debts, which are now caught by the currency change.

"Many smaller French traders could now go to the wall," says Mr Prouteau. But for all his protestations, he is not hopeful of getting much redress from a French government that insists the devaluation was not its doing.

More power to the investor

Richard Waters on the SEC's review of share trading in US

The New York Stock Exchange has seen its stranglehold on trading in US shares progressively eroded in recent years. In 1986, the "Big Board" handled 86 per cent of all the trading in the stocks which it lists; by last year, that had fallen to 78 per cent. The rest is being funnelled into a wide array of competing trading systems, some run by regional exchanges, some by broker-dealers.

The bosses of the "Big Board" refer to this as the "fragmentation" of the equity markets. The Securities and Exchange Commission, however, has a different view. A 79 per cent market share (and the 87 per cent market share enjoyed by the competing dealer market, Nasdaq, in the unlisted shares that it trades) "would be envied in any other industry".

The SEC yesterday, in its first thorough review of the regulation of the US equity markets since 1971, gave broad support to greater competition between market trading systems. It proposed a deluge of detailed regulation and rule changes to make sure that

competition operates fairly, and allows investors to place orders with their brokers in the confidence that they will get the best prices available in any market.

The rapid rise in share trading in the US in the past two years has intensified the competition for investors' business, and led to some practices which the SEC now wants to see better controlled. Last year, 67bn shares were traded on the NYSE, a huge increase over the record 51bn the year before. The previous peak, in 1987, was 47bn.

The SEC's proposals fall into four broad areas. First, it is calling for greater transparency in the markets to give better disclosure of the prices at which shares are traded. It might be argued that the US already has the world's most transparent stock markets.

The regulators have asked for all "limit orders" (instructions placed by investors for their brokers to buy or sell shares once the price hits a certain level) to be listed electronically, giving a clearer view of the supply and demand for shares. Also, they have reopened a contentious topic first

tackled in the early 1980s: that all buy or sell orders, no matter where they are placed, should be made public to allow traders in any market to bid for them.

The SEC has also asked the exchanges to reduce the minimum price spread on stocks to \$1, rather than the current \$1.5. This is meant to produce finer pricing of shares, leading to lower spreads between buying and selling prices and so saving investors money. (It would also cut into dealers' profits.)

Second, the regulators want to reinforce the rules which ensure that investors get the best price when placing their orders with a broker. At present, a broker may channel an order to a particular dealer in return for a cash payment (known as "payment for order flow") or other goods and services (known as "soft commissions", or soft dollars.) The SEC has resisted calls to ban these arrangements, but says that they should all be fully disclosed to investors.

Third, the SEC is trying to make competition between stock exchanges and other

trading systems fairer. It has proposed better reporting to investors of trades carried out on private, automated trading systems to allow them to be properly regulated - though it has stopped short of demanding the same full publication of trades that exchanges have to adopt. These suggestions fall short of the sort of full-scale extension of regulation called for by the NYSE and others.

Fourth, the changes would remove some of the barriers which prevent some of the trading in NYSE from moving to other trading systems. Under NYSE rule 500, companies listed on the premier market cannot delist unless a two-thirds majority of their shareholders approve the move. This could prevent companies from moving to other markets, the SEC says: the NYSE rule should be amended to leave it to directors.

The changes will be made through amendments to the SEC's own rules and those of the exchanges and self-regulatory organisations. They will amount to the first overhaul of securities regulation in the US since the more wide-ranging deregulation of the early 1970s.

Venezuela to encourage private investment

By Joseph Mann in Caracas

Venezuela's new government will encourage private investment and try to avoid the errors of past administrations which relied too much on oil revenues, according to Mr Julio Sosa Rodriguez, a top adviser to President-elect Rafael Caldera.

Mr Sosa, addressing around 500 Venezuelan and international businessmen, gave few details of the policies of the Caldera government, due to be installed next Wednesday. But he said it would stress austerity, hard work, private investment, international trade and diversification away from oil.

The new government would continue to encourage privatisation, and would allow private investment in all government-owned businesses except PDVSA, the national oil company, and Edesca, the state-owned hydroelectric power company, he said. However, joint ventures in oil and petrochemicals (which are controlled by PDVSA) will continue to be supported.

Mr Caldera, who won the presidency in elections last December 5, has called for the elimination of an unpopular value added tax. Mr Sosa said the president would propose a coherent tax reform stressing progressive taxation. He denied the new government was planning a large devaluation of the Venezuelan bolivar or imposition of exchange controls.



Supporters of deposed Haitian president Father Jean Bertrand Aristide celebrate at rally he attended in Montreal. Mr Aristide is visiting Canada as part of his campaign for reinstatement

Parties reach election pact in Mexico

By Damian Fraser in Mexico City

Mexico's governing party and the main opposition yesterday reached their first pact setting out the conditions for holding federal elections. The agreement may help reduce political tension following the New Year uprising in the southern state of Chiapas.

The pact was approved by the left-wing Party of Democratic Revolution, which had previously rejected government proposals for electoral reforms as insufficient. But it still has to be fleshed out with more concrete agreements that are subject to negotiation - and may not necessarily be reached.

Mexico is holding presidential elections next August. While the ruling Institutional Revolutionary Party is favourite to win, the party's victories have been marred by accusations of electoral fraud and vote-rigging.

The pact promises in general terms that electoral authorities will be chosen according to a consensus of the political parties, gives full access to the electoral roll to all parties, guarantees fair media coverage of the campaign, and will allow for a special prosecutor to investigate electoral fraud.

The government appears to have made significant concessions to the PRD, although how the accord works remains to be seen. The signatories said the agreement was a significant step in creating credible and legal elections in the country.

They said it would contribute to peace in Mexico, in reference to the Chiapas rebellion. Democratic reforms have been one of the demands of the Chiapas guerrillas.

The agreement is an attempt by the government to regain the initiative after the uprising, and is a response to opposition warnings that there could be more violence if the elections were not fair.

Durable goods orders up by 2.2%

New orders for US durable goods rose 2.3 per cent in December compared with the previous month, providing further confirmation of the surge in economic activity at the end of last year, official figures

indicated yesterday, writes Michael Prowse in Washington. Orders rose 3.6 per cent during 1993 as a whole, the largest increase for five years. The figures were the latest in a series of buoyant statistics

indicating the US recovery is gaining momentum. Most analysts expect gross domestic product data due today to show growth at an annual rate of about 6 per cent in the final quarter of last year.

Orders rose in all main industrial sectors with the largest gains registered in capital goods, mainly electronics and electrical machinery. Excluding defence, orders rose 1.8 per cent from November.

Brazil makes slow progress on economic reform package

By Angus Foster in São Paulo and Stephen Fidler in London

Brazil's Congress is inching towards approval of the first stage in the government's economic stabilisation package, but observers remain cautious about whether the plan will provide a lasting cure for inflation, now running at about 40 per cent a month.

Congress yesterday looked set to pass a set of measures, including a slight increase in corporate tax,

which are needed to help balance this year's budget. This marked a partial victory for Mr Fernando Henrique Cardoso, the finance minister, who proposed the package last month. However, more controversial proposals to reduce the budget deficit have met substantial opposition and the government is being forced to contemplate alternative cuts.

Measures approved so far include a 5 per cent increase in existing tax bands, taking the top rate from 25 per cent to 26.25 per cent, and a new

upper rate of 35 per cent. But Mr Cardoso's plans to raise \$5.8bn by setting aside 15 per cent of the transfers central government makes to states and municipalities has been strongly criticised by Brazil's powerful state governors. The set-aside can only be approved via a constitutional amendment and now looks likely to be watered down.

As a result, the government is likely next month to start negotiating alternative measures and may propose a reduction in export incentives

and further cuts in development programmes. It is also possible the estimate of social security contributions will be increased, despite a previous upwards readjustment, and that public servants' income tax will go to the federal rather than state governments.

These measures would allow the government to claim a balanced budget, but some observers fear the balance will be cosmetic. "They're making deals and Congress is proposing substitutes and that suggests some-

thing is very shaky," according to Mr Robert Macedo, former economic policy secretary.

The plan has also generated some optimism that Brazil can complete a debt deal with international banks by a deadline of April 15.

Mr William Rhodes, vice-chairman of Citibank, which heads the bank advisory committee, said he was "increasingly optimistic" that a deal - which covers \$35bn of debt principal, \$7bn in interest arrears and about \$11bn owed to Brazilian

banks - could be completed by the deadline.

This will require an accord with Brazil and with the International Monetary Fund, to be voted at the IMF's March board meeting.

Citibank said the holders of 96.51 per cent of the \$35bn debt principal have now signed the accord. This suggests the Brazilian holding of the Dart family of the US - which still object to the terms of the deal - is just over \$1.22bn, less than once thought.

NEWS: WORLD TRADE

UK-insured exports up by 80%

By Richard Lapper

The value of exports insured by the Export Credits Guarantee Department, the UK's national export credit agency, increased to its highest level, for nearly a decade in the 12 months to March 31 last year, signalling a strong performance by British exporters.

The value of new business insured amounted to £3.8bn, up 80 per cent compared both with 1991-92 and the average level since the onset of the debt crisis in the early 1980s.

Premium income on new business rose sharply, reaching

£133m, 60 per cent up on 1991-92, while the ECGD's trading surplus increased to £740m, as an improvement in the economy led to a reduction in provisions and claims.

Mr Brian Willott, chief executive, said the figures represented a "dramatic change around UK industry has been very successful at increasing its business, particularly to the Far East". He said the strong upward trend had continued into the current financial year.

Four of the five markets in which UK companies were most successful were in the Far East - Hong Kong, Malay-

sia, Indonesia and China. The other was the United Arab Emirates. The value of guarantees involved in the Black Point power station project in Hong Kong, the biggest single deal covered last year, amounted to about £800m.

Mr Willott said the substantial reductions in premium rates and the increases in cover announced in the 1992 autumn budget gave "the ECGD and its customers for the first time a clear three-year growth path".

The ECGD had benefited from a fall in its provisions, which were reduced to £5.49bn

compared with £8.80bn. This partially reflected an improvement in economic conditions in Latin American and some other heavily indebted countries. Provisions against Brazil, Mexico and Egypt were all reduced by between 15 and 20 per cent. Provisions for Cuba, Angola and for some countries which were formerly part of the Soviet Union were increased by about 50 per cent.

The agency's trading surplus on its old and new business combined reached £740m, up from £340m. Claims paid fell by 23 per cent to £739m, compared with £954m.

Japanese protest at US phone call discounts

By Paul Abrahams

A telecommunications trade war threatened yesterday following complaints by Japanese groups about US companies' trading practices.

The Japanese carriers have asked the country's post and telecommunications ministry to investigate discounts offered by Fibercom Network and International Telecom of New York, and USA Global Link of Iowa.

The three US groups, which provide discounts of up to 40 per cent on international calls, said they would file a complaint with the US trade representative in Tokyo if restrictions were placed on them.

The dispute comes at a delicate moment for the US and Japanese governments. They are negotiating framework arrangements to reduce Japan's trade surplus with the US and make the country more accessible for goods and services exporters.

The US companies have negotiated bulk contracts with large carriers such as AT&T. Callers phone a switching centre in the US and hang up after the number rings twice. The switching centre then automatically calls back, leaving the users to dial their ultimate destination. The companies claim international call-back schemes, which have been running in Japan for two years, are legal, because technically the calls originate in the US.

The Japanese complainants are KDD, which used to hold a monopoly of international services in Japan, International Digital Communications and International Telecom Japan. They claim the US groups are making free use of their domestic lines.

The US discounters said they would be willing to pay reasonable charges for the times, and were willing to hold friendly talks with the Japanese carriers. So far they have gained only 1 per cent of the ¥250bn (£1.497m) telecoms services market.

Spares lead the way in India car parts exports

Components makers take advantage of trade liberalisation reforms, writes Stefan Wagstyl

Lumax Industries, a Delhi-based company, is one of India's most recent entrants to export markets, selling spare-part lights for Volkswagen, Mercedes and Rover cars and for Italian-made Iveco lorries.

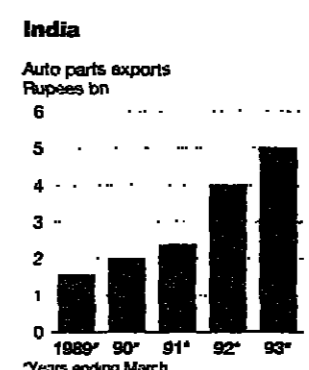
"They're half the price of the original manufacturers' equipment," says Mr A. K. Sethi, the export manager. "Our labour is cheap but we have to watch our other costs."

Lumax is among scores of Indian vehicle parts makers that are taking advantage of the government's efforts to open the economy to international trade and promote exports. From \$60m in 1988-89, parts exports jumped to \$190m in 1992-93 and are set to rise to nearly \$250m in the year to March 1994.

"Everybody is talking of the Indian components industry getting more and more competitive," said Mr Giancarlo Boschetti, the president of Iveco, the truck-making arm of the Fiat group of Italy, on a recent visit to India. "We see India not only as a source of exports (of vehicles) but also as a source of supply for components."

Mr Boschetti was speaking last month during India's first motor show in seven years at which 600 companies showed their wares, many of them hoping to attract export orders.

The potential foreign buyers included teams from Britain's Society for Motor Manufacturers and Traders, the Japan Auto Parts Industries Association, and Ford and General Motors, the US carmakers.



the letters TVS on every cap, which, Sundram officials say, is the first time an Indian company has established a global brand-name in motor components.

Sundram Fasteners was helped in establishing its operation by GM which transferred second-hand machines and other equipment from a British supplier. Other companies face the choice between waiting for a similar opportunity or taking a risk by expanding capacity before securing orders. "We are not yet geared up in this country for volume production," says an executive at one electrical parts maker.

India's main advantages in the market are low-cost labour, lax environmental controls for "dirty" industries, and a long engineering tradition. Indian industry executives say India is a cost-effective country for hot and dirty operations, among them casting and forging of heavy components such as axles and transmission drives. It could also be a competitive supplier of electrical components, particularly those that might require manual assembly.

However, Indian suppliers suffer from serious disadvantages, including inadequate infrastructure and a reputation for poor quality, which blights Indian exports generally. For these reasons large western and Japanese groups have often shied away from buying

Indian components. Indian manufacturers have relied instead on the spares market, where buyers have been more easily swayed by low prices.

Mr Shiv Nair, an assistant vice-president at Bharat Forge, a diversified forging company, says the export of low-cost, low-quality Indian spare parts has undermined efforts to supply original equipment.

Bharat Forge, which supplies axle beams and other parts to big lorry manufacturers, including Mitsubishi Motors in Japan and Rockwell in the US, has deliberately avoided the spares market for fear of having its reputation tarnished by the low quality of some other Indian companies. Even so, Bharat Forge suffers, says Mr Nair.

He estimates it takes four to five years to finalise a large original equipment supply contract; it would take only two years if Indian companies enjoyed better reputations. "The Japanese even question the quality of steel we use. They want to check it." But there are signs that Indian companies' prospects are improving rapidly. The slow-down in car demand in industrialised countries has forced big groups to cut costs further than before, so the pressure to find reliable low-cost sources of parts has increased. At the same time, Indian executives are steadily learning what they must do to meet foreign buyers' expectations.

One US car company executive, visiting Delhi said India as a whole had no particular advantage over other countries as a parts supplier. Low-cost labour was no use if it meant low productivity and poor quality, he said. What mattered was how a company made use of low-cost labour.

"When we source components we don't think in terms of countries but of companies. We have seen companies in India we like and we are talking to them."

NEWS IN BRIEF

Israel to buy 20 US jet fighters

Mr Yitzhak Rabin, Israel's prime minister, said yesterday Israel had decided to go-ahead with a deal worth up to \$2bn (£1.3bn) to buy 20 specially adapted F-16S jet fighters from McDonnell Douglas, the US aircraft maker, writes Julian Osanne from Jerusalem. The decision ends a fierce two-year bidding war between McDonnell-Douglas and Lockheed to supply Israel with its next-generation fighter. Lockheed had been offering to sell Israel an improved F16 aircraft at a lower price. The cost of an F-16S is estimated at around \$100m each, although Israel has apparently negotiated a substantial discount on the entire order.

Russian venture for ABB

Asea Brown Boveri, Europe's largest electrical engineering group, yesterday announced one of the most significant joint ventures between a western and a Russian company with a deal to make turbines and other power plant in St Petersburg, Andrew Baxter writes from London.

ABB is teaming up with Nevsky Zavod, a big Russian manufacturer of gas and steam turbines, to form ABB Nevsky, which will be 80 per cent owned by ABB and 20 per cent by its Russian partner. ABB Nevsky will be producing complete gas turbines based on ABB's latest advanced technology. These will be used to modernise old power stations in Russia and build new gas-fired combined cycle plants.

China signs contracts for dam

China has signed the first contracts with foreign companies for the supply of equipment to build the \$1.5bn Three Gorges dam on the Yangtze River - the world's largest hydroelectric scheme, our Beijing staff reports.

Caterpillar and Ingersoll Rand of the US, Fried. Krupp and Mannesmann Demag of Germany and Atlas Copco of Sweden were the successful tenderers for an initial \$10m of equipment for the giant project.

China National Machinery Import & Export Corp. (CMC) and China National Technical Import & Export Corp. (CNTIC) signed agreements this week on behalf of the Yichang-based China Three Gorges Project Development Corporation.

CMC and CNTIC selected the five companies through public bidding. The construction machinery - bulldozers, cranes, excavators and drills - will be delivered before June.

China-Russia pact to ease two-way trade

By Tony Walker in Beijing

China and Russia yesterday signed an agreement covering 21 border crossings to facilitate booming two-way trade worth nearly \$8bn last year.

Both countries are anxious to strengthen regulations covering trade and other exchanges along their common boundary where criminal activities are a serious problem.

The agreement to improve cross-border co-operation was signed by Mr Qian Qichen, China's foreign minister, and Mr Andrei Kozyrev, his visiting Russian counterpart.

The two men also discussed a forthcoming visit to Moscow by President Jiang Zemin, security issues, and ways in which Russia might assist Chinese economic development.

Mr Kozyrev said Russian contractors were anxious to participate in the \$20bn Three

Gorges project on the Yangtze - the world's largest hydro-electric engineering scheme. He also sought to assure the Chinese that threats of political unrest at home would not be allowed to affect relations.

"Further development of Russian-Chinese ties enjoys priority in Russia's foreign policy and would not be affected by domestic political change in Russia," he was quoted as saying by the official Xinhua news agency.

Sino-Russian two-way trade increased by about 30 per cent last year compared with the year before. Eighty per cent of business is now channelled through border crossings along a remote frontier.

Mr Kozyrev was accompanied by senior defence officials who have been discussing with the Chinese ways in which technical co-operation might be expanded.

US steel contract for Davy

By Andrew Baxter

Davy International, part of Trafalgar House of the UK, is to supply engineering, procurement and construction work for its Pittsburgh office following a \$150m coke oven project awarded last year by Bethlehem Steel.

The mill will have an annual capacity of 750,000 tonnes and is due for completion next year. Davy said the contract would provide important work for its Pittsburgh office following a \$150m coke oven project awarded last year by Bethlehem Steel.

Saudi arms deal has crown status

By David Owen, Jimmy Burns, and David White

Saudi Arabia is under no obligation to give details of the end users of defence equipment supplied by Britain under the \$20bn Al-Yamamah defence deal, the government admitted yesterday.

The potentially embarrassing disclosure, came in a parliamentary written answer by Mr Jonathan Aitken, defence procurement minister.

Mr Aitken said defence equipment exports under the Al-Yamamah arrangement had "crown status", in common with all government defence exports, and were "therefore not subject to export licensing requirements".

It also emerged last night that the disclosure had earlier been brought to the attention of Lord Justice Scott who is conducting the arms-for-Iraq inquiry. Evidence before the inquiry shows that the government pressed ahead with defence deals with Saudi Arabia in spite of being warned by intelligence and some officials that the country was possibly being used to divert military equipment to Iraq.

Mr Paul Ragan, a spokesman for the Scott inquiry, said that the judge was looking at the potential loopholes inherent in the "crown status" arrangements, which are believed to cover a number of other potentially sensitive

defence deals, and the extent to which the government had adhered to regulations restricting exports to Iraq either directly or through third countries.

Al-Yamamah is a two-stage government-to-government deal covering supplies of British arms, infrastructure, and defence services worth more than \$20bn per year.

Mr Jim Cousins, the Labour MP who tabled the parliamentary question, said yesterday that the government's answer was "of very considerable significance" in the light of evidence given to the Scott inquiry.

Mr Cousins said the answer showed there was "a great hole" in the export licence control system. There was now a "very serious possibility" that arms supplied outside the arms control system may have "leaked" to either or both of the Gulf war combatants.

The deal, led by British Aerospace as prime contractor, covers British defence equipment such as Tornado bombers, minehunters, and a wide variety of weapons and ammunition. It also includes GEC-Marconi and Vosper Thornycroft.

The Ministry of Defence said last night that there was no requirement for transactions with crown status either to have export sales licences or for end-user details to be provided.

'Wembley of the north' cash plea

By Ian Hamilton Fazey, Northern Correspondent

Manchester is to ask for £75m from the UK government's Millennium Fund and the National Lottery to help build a national stadium in the city.

The application - for a "Wembley of the north" - will be supported by various governing bodies of British sport, including the Football Association, the British Athletics Federation, the Rugby Football League and the Rugby Football Union.

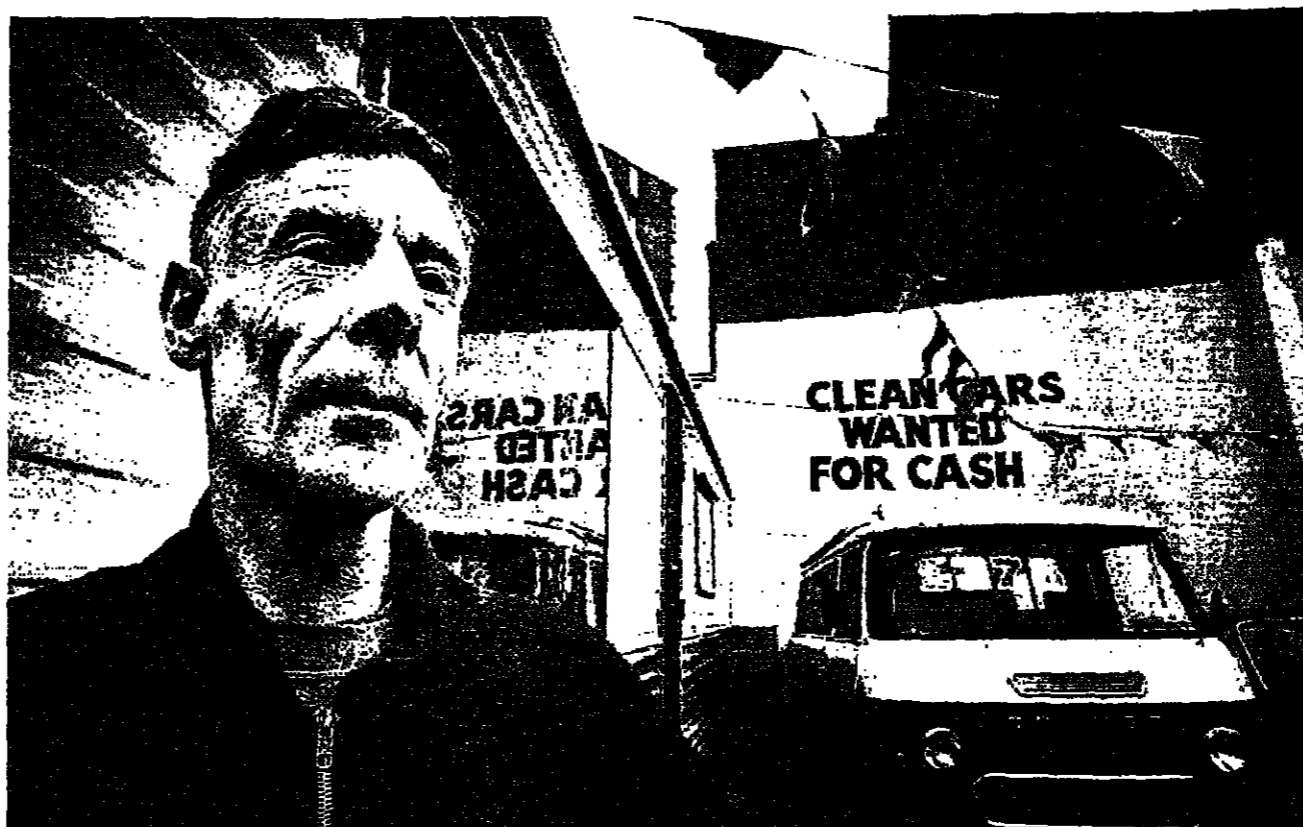
The stadium and associated infrastructure would cost £137m. It would seat 65,000 people - 20,000 fewer than the stadium Manchester would have had to build had it been awarded the 2000 Olympic Games.

It would be on the site planned for the Olympics and based on the same design.

The public sector has already contributed £72m to land acquisition and a new road linking the stadium site to the motorway network. The aim would be to complete construction by 1993 if funding can be agreed.

Parts of the Millennium Fund and National Lottery are intended to encourage sports projects and help celebrate the millennium.

The stadium would also be the main venue for the Commonwealth Games of 2002, if Manchester can beat Sheffield and London to be the British candidate - and if Britain is awarded the games.



London second-hand car dealer Terrence Puleston said: "I think Ford will come unstuck the way business is going. The trade is so bad that it comes in silly spasms - one week you might sell three cars and then another three weeks you might not sell any." Picture: Colin Brown

Ford to set up 'used car factory'

By John Griffiths

Ford is setting up a "used car factory" to prepare and sell to its dealers up to 85,000 nearly new Fords a year.

The venture, called Ford Direct, is believed to be the first used-car retailing scheme in which the manufacturer is taking direct responsibility for preparing vehicles for sale and providing warranties for them.

It also represents a response to research carried out by Ford over the past 18 months which, the company admits, shows motorists to be "deeply cynical" about the integrity of the

motor trade - frequently with good reason. The high level of complaints from consumers about used cars has led the Office of Fair Trading to start an investigation into the trade and its dealers.

The Ford Direct venture, which starts next month and in which the company is investing about £10m, initially is being confined to cars less than one-year-old. All will be returned vehicles from short-term rental companies which Ford has supplied or from Ford's own company fleets. This means initial maximum yearly sales through the

scheme of about 45,000 vehicles. However, if it is well received and proves commercially viable, it may be widened to embrace other sources of similarly aged cars up to around 85,000 cars a year.

Even at the 45,000-a-year level, the scheme would account for around 10 per cent of total annual sales of "nearly new" cars under a year old. Most of Ford's rivals run their own dealer-based "manufacturer-approved" used car retailing schemes, such as Vauxhall's Network Q operation, and may dismiss Ford's initiative as little different from their own schemes.

However, Ford maintains that its scheme eliminates the three most serious sources of concern aired by consumers about other operations: that dealer-based "independent" pre-sale checks and tests are neither properly independent nor rigorous; that warranties offered are not comprehensive enough; and that too often dealers try not to honour them.

In the opening weeks of the scheme Ford has contracted three independent outlets to prepare the cars for inspection by its own personnel and RAC inspectors.

Respecting the rules of natural justice and the rights of defence when the commission is enforcing competition law.

The CBI says EU policy on state subsidies is broadly on the right lines in encouraging a shift away from supporting particular business sectors to schemes aimed at assisting needy regions. But the execution of policy must be improved to make competition fair, it says.

Among other ways of developing the London Approach, Mr Kent suggested trying to promote greater trust among parties to a workout by the full sharing of information, and involving creditors other than banks in negotiations.

He said that despite concerns that distressed debt sales might undermine the London Approach, this had not occurred in the small number of workouts involving debt sales which the Bank has helped to co-ordinate.

Among other ways of developing the London Approach, Mr Kent suggested trying to promote greater trust among parties to a workout by the full sharing of information, and involving creditors other than banks in negotiations.

CBI unveils plan for reform of EU competition policy

By Andrew Baxter

The Confederation of British Industry yesterday unveiled a six-point plan to reform competition policy in the European Union. It also called for the European Commission to be given more effective powers to control state subsidies.

The CBI's call is part of its wider review of EU law. The confederation wants to save unnecessary cost and

effort for companies and regulators.

Mr Howard Davies, CBI director-general, said an efficient and effective competition policy was vital for the single market, but "companies too often meet delay and legal uncertainty when they seek to clear their business plans with the commission".

Mr Laurence Elks, of the legal firm Nabarro Nathanson, said administration of EU merger policy

was "moving in the right direction".

However, the prompt and realistic approach to decision-making under the commission's three-year-old merger taskforce and its fast-track approach to certain joint ventures needed to be emulated across the remainder of the union's competition enforcement.

Mr Elks chaired a group of CBI members which put forward the six-point plan. It advocates:

- Applying EU competition rules only where business agreements have a genuine effect on trade between member states.
- Excluding agreements which are insignificant in terms of their competitive effects from possible prohibition under the Treaty of Rome.
- Reflecting commercial needs rather than bureaucratic convenience in so-called "block exemption regulations" which cover entire categories of agreements such as patent licensing and franchising.
- Limiting commission interference in "vertical" agreements, such as those covering distribution or purchasing, to those where the businesses involved have real power on the relevant market.
- Directing action under the treaty only against dominant companies which are genuinely abusing their market power.

- Respecting the rules of natural justice and the rights of defence when the commission is enforcing competition law.

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FTMS

Watchdog eases gas price setting formula

By Robert Corzine

Ofgas, the gas industry regulator, yesterday relaxed the main element in the tariff formula which sets the price British Gas can charge to its monopoly market of about 18m residential customers.

Ms Clare Spottiswoode, Ofgas director-general, accepted a recommendation by the Monopolies and Mergers Commission that the efficiency factor in the formula, set in 1992 at the retail price index

minus 5 percentage points, be relaxed to RPI minus 4. The factor makes up 80 per cent of a consumer's bill, with the actual cost of the gas accounting for the remainder.

The reduction is intended to compensate British Gas for the large loss of commercial and industrial customers to independent gas suppliers in the past two years, and the negative impact that has had on investment.

Mr Norman Blacker, managing director of UK Gas Busi-

ness, the domestic supply arm of British Gas, welcomed the decision, saying it would "help redress some of the loss of income caused by... the introduction of competition into the market above 2,500 therms". Independent companies have captured 39 per cent of the gas market above 2,500 therms a year since 1991. The financial benefit to British Gas is likely to be worth about £24m after tax this year, according to City analysts. British Gas shares closed up 4 1/2p at 349 1/2p.

Ogas said the change would have little impact on consumers, who would simply see a slower rate of decline in gas prices. The regulator estimated gas prices would fall 1.8 per cent less over three years than under the RPI minus 5 formula. That would be equivalent to about £2 a year for the average household, it said.

But the Gas Consumers Council said prices would fall by 3 per cent less over three years. Mr Ian Powe, director, said some would see this con-

cession as a watchdog eating from the hand it used to bite.

Many analysts saw the decision as further evidence of a rapidly improving relationship between Ofgas and British Gas. Relations between the two were often turbulent under Sir James McKinnon, former director general, who stepped down last November.

Earlier this week Ms Spottiswoode admitted that Ogas had at times "exceeded its powers" in dealing with British Gas. But Ogas was adamant yes-

terday that it will not implement another MMC recommendation that consumers pay for the break-up of British Gas. The government last month rejected that course in favour of the complete separation of the storage and transportation business from British Gas trading arm.

The regulator said that since divestment is no longer an issue, "there is no reason why the costs of internal restructuring should be borne by customers".

Britain in brief



Forestry Commission sell-off fading

The prospect of the privatisation of the Forestry Commission's woodlands is receding rapidly. An inter-ministerial review group is expected shortly to recommend against it.

Instead it is believed to recommend dividing the Forestry Commission's woodlands between commercial forests and those whose value is primarily as part of Britain's natural heritage and for recreation. It is expected to propose creating an executive agency within the commission to manage the commercial forests with greater financial transparency than exists now.

Ministers have long recognised that the idea of privatising the Forestry Commission's woodlands, which cover 5 per cent of Britain, is unpopular with the public and especially with many backbench Conservative MPs.

The changes to the commission proposed by the review group could have the advantage for the government of not requiring legislation.

The inter-ministerial review group, set up last March to advise on the future of the Forestry Commission's woodlands, is likely to submit its report to ministers in the next few weeks. It has been advised on the options by the merchant bank Samuel Montagu and the land agents John Clegg.

The ministers - Mr Ian Lang, Scottish secretary, Mrs Gillian Shephard, agriculture secretary, and Mr John Redwood, Welsh secretary - will decide what policy to adopt and issue a consultation document, probably not before early summer.

N-waste 'should be buried'

Highly radioactive nuclear waste should be buried deep underground, one of the

authors of a report on managing nuclear waste said yesterday.

But Mr Peter Saunders, an energy consultant formerly with the UK Atomic Energy Authority, said that "time is on our side" - much high-level waste produced in the past 20 years will have to cool for several more decades, allowing scientists to evaluate the best techniques.

The report, for Brunel University, London, surveys the methods used for storing nuclear waste in Europe.

The government has not yet announced whether the forthcoming review of the nuclear industry will cover the controversial question of the long-term disposal of radioactive waste. The Thorp reprocessing plant, which has just received a licence to start operating, does not provide a complete solution: it extracts reusable fuel from used fuel, but still leaves some highly radioactive waste.

According to the report, more than 70,000 tonnes of used nuclear fuel has been produced from power stations in Europe, including countries in the former Soviet Union, during the past 20 years.

Venables set for England job

Mr Terry Venables will become manager of the England football team today. The Football Association, English football's governing body, will hold a press conference at Wembley Stadium this afternoon to announce the appointment of the manager. "There will not be any surprises," said sources at the FA "everyone seems to know already".

Mr Venables is the overwhelming favourite among players and club managers in England. However, the FA are understood to have been concerned about allegations on British television about Mr Venables' financial dealings.

Heathrow-Orly route announced

British Midland Airways is to start the first Heathrow-Paris Orly airport service on March 27, it said yesterday. Its four-times-a-day return services will be in addition to flights from Heathrow to Paris's Charles de Gaulle airport.

Welsh windfarm application rejected

By Roland Adburgham, Wales and West Correspondent

The renewable energy industry has suffered its third setback within a fortnight in south Wales with a planning authority's rejection of a 45-turbine windfarm in West Glamorgan.

Port Talbot councillors voted this week to reject the application by Trefon Windpower, for a 20MW windfarm on a forested hillside at a height of 500 metres. They decided its visual impact would be detrimental to the area and not in accordance with the county's structure plan.

Mr Tim Kirby, chairman of TriGen, a consortium of E.ON of the UK, Sea West of California and Tomen of Japan, said yesterday it would have been a £20m project supplying electricity for 17,000 households. "We are gravely disappointed because it is an A1 site," he said.

The decision, following the rejection by councils of two other windfarms in Dyfed earlier this month, reflects increasing public opposition to them. Council officers recommended approval of the TriGen application but people in the nearest village, Glynacorrwg, signed a petition against it.

TriGen operates two windfarms in Wales and is planning the UK's largest one near Kildar in Northumberland, which would have up to 267 turbines.

Drillers tap into a rich seam of optimism

Robert Corzine looks at the prospects for oil exploration projects in the North Sea

The drillers on oil rigs exploring the North Sea are an optimistic breed. A positive attitude helps when only a third of exploration wells drilled find significant traces of hydrocarbons and only a handful of those prove economically viable.

The drillers' optimism will be tested this year as the effects of low oil prices and tax changes made last year threaten a lean year for North Sea exploration.

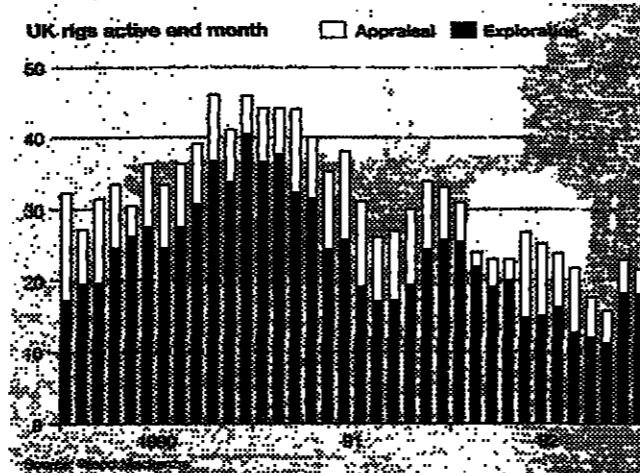
A recent study from consultants Arthur Andersen suggests that companies have firm plans to drill only 100 exploration or assessment wells this year, compared with 121 last year and more than 200 in 1990, when tax policies encouraged exploration. About seven onshore wells are likely to be drilled this year.

The decline in exploration comes as UK North Sea production reaches levels last seen in 1988, before the Piper Alpha disaster led to large-scale shutdowns for platform modifications and the installation of new safety equipment.

Oil production in 1993 was an average of 1,950m barrels a day, a five-year high as 14 new oilfields came onstream, compared with nine in 1992. Gas production was up 20 per cent.

Average daily oil and gas revenues rose by nearly 13 per cent to £33.5m, helped by buoyant gas prices and foreign exchange rates which offset somewhat the steep fall in oil prices, down from about \$20 a barrel for the benchmark Brent crude in January last year to a

Drilling activity declines...



current level of about \$14. The production surge gave a strong boost to the UK economy last year, contributing 0.2 per cent of the seasonally adjusted 0.7 per cent increase in total GDP for the fourth quarter, according to government figures. The development of new reserves continued to account for about a fifth of UK industrial investment in the first half of last year, according to official statistics.

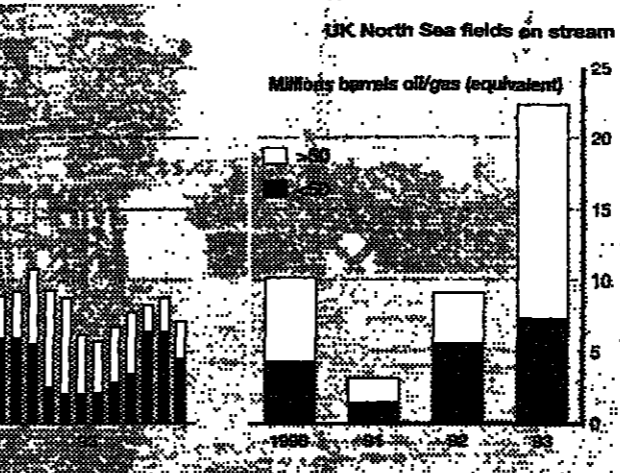
Oil output is likely to rise again this year as additional fields come on stream as a result of investment decisions taken a few years ago. Ms Kate Jackson, an analyst at Wood Mackenzie consultants in Edinburgh, says five new oil fields should begin producing in 1994. That, according to provisional estimates from Wood Mac-

kenzie, will increase UK offshore production for 1994 to an average 2.5m barrels a day.

Revenues, however, will come under pressure unless oil prices recover, a prospect that divides analysts. City forecasts for the average price of Brent crude in 1994 range from \$14-\$18 a barrel, compared with \$17 a barrel reached last year.

Short-term effects of low prices on North Sea output are surprisingly small. A recent Wood Mackenzie study concluded that a barrel of North Sea oil costs on average \$5 (£3.30) to produce. Despite the North Sea's reputation for high production costs, most existing fields should remain profitable even if the oil price struggles to rise above the present depressed level of \$14 a barrel. Even a collapse to \$10 a barrel

...but output continues to increase



would lead to only a marginal decline in production to the year 2000, the study said.

Analysts say this is because cost-cutting and technological innovation is helping companies find and recover greater amounts of oil at lower costs. The extensive infrastructure of North Sea pipelines and land terminals mean new discoveries near existing fields can be easily and cheaply connected to pipeline networks.

The ownership structure of most North Sea fields is another factor likely to keep even marginal fields producing, according to Ms Jo Armstrong, economist with the Royal Bank of Scotland.

It is common for a dozen companies, ranging from very small exploration and production firms to the integrated

major such as Shell and BP, to have stakes in individual fields. The different financial and tax positions of the partners militates against early shut-ins," she says. The cost of an idle North Sea platform also deters early closings.

It is no surprise that companies seeking short-term financial relief find it easier to postpone exploration projects.

But those that can afford to continue drilling should find that costs have fallen sharply. Current day rates for rigs are at the bottom of usual £17,000-£22,000 a day, according to Mr Robert Steven of the FT's North Sea Letter. High lay-up costs mean that many drillers may simply grin and bear it by accepting contracts below their operating costs while waiting for oil prices to rise.

PROPERTY

Ministers in a muddle

Planning and transport policies must be better co-ordinated, argues Stuart Robinson

In a bid to appease lobby groups concerned about the threat to town centres, Mr John Gummer, UK environment secretary, last week fired a salvo against out-of-town developments.

Putting the heart back into cities "means discouraging development on green-field sites on the edge of cities", he said in a speech to the Town and Country Planning Association, a group of business and planning interests.

Mr Gummer promised to consider revising PPG6 - a planning guidance note issued in October 1992 which stresses the need to revitalise town centres rather than promote out-of-town stores - if developers' proposals and the response of local authorities failed to reflect its broad thrust.

Mr Gummer's message was clear but it was patently counter to the approach taken by other ministers in the DoE, the Department of Trade and Industry and the Department of Transport.

His position is in contrast to the DoE's long-standing policy of supporting out-of-town proposals. Last year, Mr Tony Blair, environment minister, stated that PPG6 did not constitute a shift in policy for town centres and retail developments. In another speech, Mr David Curry, planning minister, announced the need to promote sites on the periphery of towns.

This apparent confusion over out-of-town development is symptomatic of a deeper prob-

lem in government policy-making: the chronic lack of co-ordination between its planning and transport policies. The case for co-ordinating transport and land-use planning goes back 30 years to the publication of the Buchanan report on the long-term impact of traffic growth. One of the report's chief conclusions was that land-use development needed to be planned in conjunction with road and public transport provision.

Shortly afterwards, the DoE was created to oversee both planning and transport functions. This was reinforced by several other innovations in strategic thinking that brought planning and transport under the same wing. However, this new approach was never properly implemented. The DoE was separated from the Department of Transport, and land-use and transport planning became increasingly independent of each other.

The division between land-use and transport was epitomised in the development of London docklands. Encouraged by the Thatcher government, which rarely put transport at the top of its agenda, the LDDC was forced to attract jobs to docklands with little thought given to the provision of public transport.

The chickens came home to roost when it was realised in the late 1980s - at the height of the property boom - that in one development alone there was enough office space to house 55,000 workers who would be serviced by a light railway that could only accommodate 11,000 passengers an hour. This anomaly eventually led to a government announcement last October to extend the Jubilee line, linking Docklands with central London.

Another example of the split between transport and land-use planning is the transport department's decision to proceed with plans to widen the western sector of the M25 to 14 lanes, where policy constraints such as the need to preserve the green belt, are at their greatest.

This contrasts with policy in the East Thames corridor which covers large tracts of east London and the Thames estuary - an area suffering from problems such as unemployment.

In spite of the government's claim that it is trying to promote growth in east London, there has been little obvious progress on public or private transport schemes in the region. This is partly due to

the appalling confusion arising from "on-off" decisions on projects such as the Channel Tunnel rail link, the East London river crossing or Crossrail.

Too often, public transport schemes have to depend on securing private sector funding. This demand is not imposed on road building, which arguably enhances property values still more. When the private sector is asked to look at road or rail schemes, the plethora of choices and the uncertainties of government policy make a constructive response difficult.

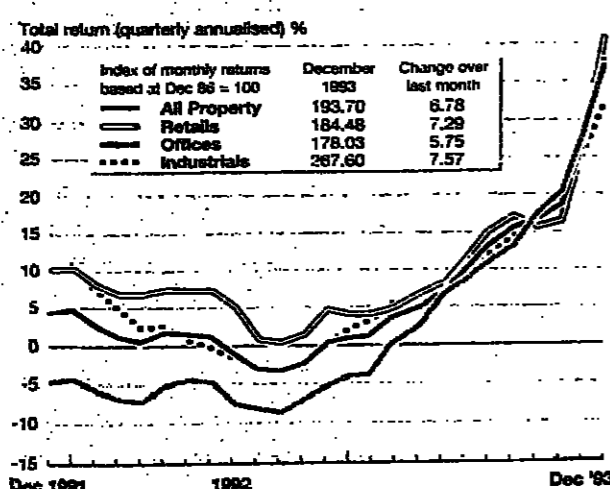
The transport secretary, Mr John MacGregor, and his cabinet colleague Mr Gummer must tackle this inconsistency of approach towards transport and planning policy. If they can then they will go a long way towards helping the government attract private-sector finance. They must:

- set out which modes of transport they favour;
- prioritise the infrastructure projects needing finance;
- indicate the complementary pattern of urban development schemes they favour; and
- ensure that this approach is followed through by both their departments and local authorities alike.

Investors cannot work in a vacuum. They need a framework and not a black hole. And this framework must be shown to work.

The author is head of planning at Hillier Parker, a firm of chartered surveyors

IPD monthly index for December



Index hits new high

The Investment Property Databank, a research group, recorded a 16.4 per cent total return from its monthly all-property index in 1993. For the month of December, the index rose by 8.8 per cent, the highest single monthly figure ever recorded by IPD.

Further big yield cuts brought the aggregate equivalent yield to 8.9 per cent at the end of December, more than one percentage point below the 10 per cent levels that prevailed less than a year earlier. Aggregate rental values fell by only 0.3 per cent in December, but the rate of decline for the calendar year, at 8 per cent, was barely an improve-

ment upon the 1992 results.

All sectors showed improvement in capital growth and shorter yields in December. Retail remained the best performing sector with a total return of 4.1 per cent, compared with 3.0 per cent in November. Offices remained in second place, with a total return of 3.3 per cent, followed by industrial at 2.9 per cent.

For the quarter to December, all sectors showed improved returns. Retail returned 8.9 per cent, a 5 percentage point improvement over the quarter to September. At the year-end, offices recorded the most improved 12-month total return, reaching 15.0 per cent for 1993.

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ROBERT FRASER & SONS LIMITED NOTICE IS HEREBY GIVEN pursuant to Section 95 of the Insolvency Act 1986, that a Meeting of the Creditors of the above-named Company will be held at No. 1 Basing House Street, London W1A 3AS on 15 February 1994 at 11.15 am, for the purposes mentioned in Section 95(1) of the said Act.

A list of the names and addresses of the Company's creditors will be available for inspection free of charge at No. 1 Basing House Street, London W1A 3AS between 9.00 am and 4.00 pm on 28th January 1994 and 31st January 1994. Creditors wishing to vote at the Meeting must lodge a full statement of account and evidence in support of a claim in the form attached to No. 1 Basing House Street, London W1A 3AS no later than 12 noon on 15th January 1994. Secured creditors must, unless they surrender their security, give particulars of their security and its assessed value if they wish to vote at the Meeting.

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The Financial Times plans to publish a Survey Facilities Management on Tuesday March 1.

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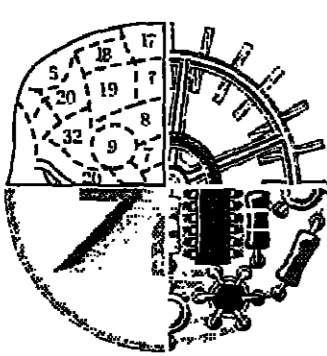
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TECHNOLOGY

Worth Watching · Della Bradshaw



Leaner times ahead for car thieves

German car thieves look set for leaner times with the introduction of equipment to immobilise cars and so prevent them being stolen.

Minitronic/SET of Freising has introduced a radio-based system which does not need a battery to power it. Cars protected by Car-Protect have a small transponder integrated into the car key and a reader mounted out of sight near the steering column. When the key is inserted into the ignition a radio signal transmits a 20-digit code to the reader, where it is compared with the stored code. Only if the codes match will the ignition start.

Car-Protect uses a transponder from Texas Instruments, which sends an electrical pulse out when the key is inserted and this is picked up by the transponder in the key to activate the system. Minitronic: Germany, 81 61 925 77.

Mini-PC lifts 486 to new heights

A company based in Farnham, Surrey, has launched what it claims is the world's smallest PC based on a 486 chip - a machine no bigger than a VHS cassette.

Lynwood believes its mini-machine, the MC40, will be used by systems integrators to build the power of the 486 chip into systems where traditional PCs have been too bulky - in the boot of a car for mobile computing, for example. In an office a series of the boxes could be rack mounted to save space. Lynwood: UK, 0252 734488.

Fingerprint system may aid banks

As a result of the rise in crimes related to credit card fraud and

false money transactions, banks and other financial institutions are looking at improved means of recognising card holders - such as fingerprint recognition.

Japanese electronics manufacturer NEC is launching a fingerprint recognition system in Europe and the US that could help in the fight against crime.

The Unix-based automated fingerprint recognition system matches the fingerprints to those held on file. Prices start from £133,000 for a system which stores fingerprints from 50,000 people. NEC: Japan, 03 3454 111; UK, 071 353 4383.

Roulette adapted to slot machine

Gamblers who favour the uncertainty of the roulette wheel should soon be able to play their favourite game in the local games arcade. McNally Industries has combined the game of roulette with electronic slot machine technology to produce the Rapid Roulette Slot Machine, which is to be marketed by Sega Deith of London, part of the Japanese Sega empire.

The player inserts coins or tokens and chooses which numbers to bet on by pressing buttons. A free-spinning roulette wheel spins automatically, turning rapidly and then slowing to allow the ball to drop into one of the numbered slots. Sega Deith: UK, 081 336 1222.

Good vibrations from virtual reality

The day of the virtual reality one-piece body suit has moved a step closer with the unveiling of the Interactor body vest, writes Richard Rosen.

Interactor, from Aura Systems, is the world's first system to mimic feeling as well as vision and sound. The user puts on a body harness, which is connected to a games console, television, or stereo to receive the sound. This triggers a magnetic actuator which causes body pulsing vibrations; in effect, it turns the body into a loudspeaker cone.

A volume adjuster allows the user to adjust the intensity of the vibrations. Used with a computer game it translates into a buffeting as the player hits and is hit by the opponent. Interactor is due to be launched in the US in April at under \$90. Aura Systems: US, 310 643 5300.

New personal conferencing products allow users to hold meetings through their PCs, reports Louise Kehoe

Computers come face to face

The personal computer industry has for years sought the "killer app" - a compelling new application of PCs that would boost sales and draw new users into the market.

Intel, the world's largest chip maker and dominant supplier of microprocessors to the PC industry, may have found this elusive prize in the form of "personal conferencing". This week, the company launched PC add-on products that enable users to conduct video conferences from their desks, viewing each other in one corner of their computer screens while simultaneously reading, discussing and updating the displayed documents.

"Personal conferencing will change the way people in business communicate by bringing the power of the PC to one-on-one communications," predicts Andrew Grove, Intel's president and chief executive. "We are entering an era when people will use their PCs to make and to receive calls and to solve business problems together."

Intel's PC-based technology does not match the standards of dedicated video-conferencing systems.

The video image of participants is small and rather jerky at 15 frames per minute. But it is a relatively low-cost and easily installed system. Intel is already using the technology in its own offices. Colleagues at distant sites can, for example, edit a report together. With the draft version displayed on their screens, they may each suggest changes - pointing to relevant sections, highlighting important words and inserting new text as if they were sitting at the same desk. Both parties can see each other's reactions.

Personal conferencing "addresses the contemporary problems of commerce," says Grove. It improves the flexibility, helping employees in separate locations to collaborate more easily. It eliminates time-consuming shuffling of work from one individual's computer to another. It can cut travel time and costs, and facilitate "telecommuting".

Personal conferencing is "very processor intensive," says Grove. "Clearly, it works better on high-performance personal computers." That should translate into a sales boost for Intel's latest Pentium microprocessor, he believes.

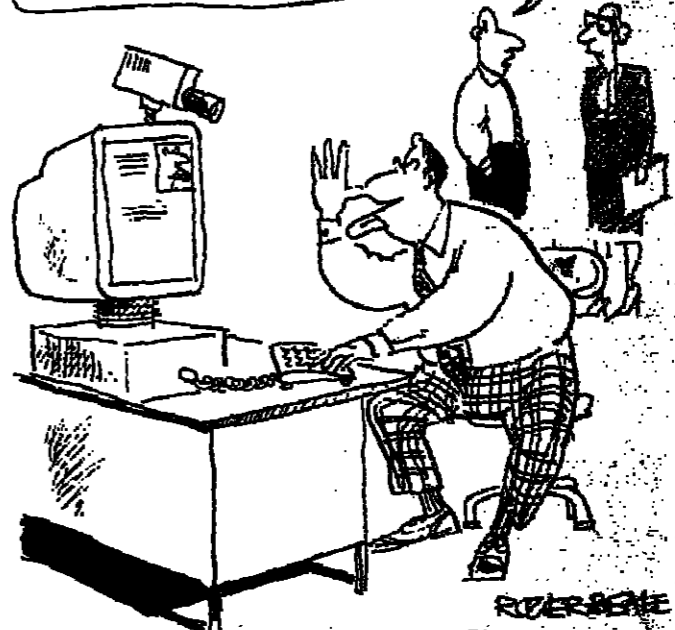
Intel is spending \$100m (£87m) a year on developing personal conferencing technology, says Grove. The market may be huge. "We will play a part in it, we hope a big part, but if this is going to be as big as it can be, it will require the work of dozens, if not hundreds, of companies."

Intel has already secured the support of software developers Lotus Development, Microsoft, Novell, Software Publishing and WordPerfect, which have announced their interest in developing personal conferencing software. Computer manufacturers AST, Compaq, Digital Equipment, Dell and Gateway 2000 have also endorsed the technology.

"We believe this is going to be a very important new PC application," says Eckhard Pfeiffer, Compaq chief executive. Sales of computer-based videoconferencing systems will grow from \$10m last year to more than \$20m by 1997, market researchers predict.

To take full advantage of Intel's new technology the user needs a high-performance personal computer, based on either an Intel 486DX or a Pentium microprocessor and an ISDN (integrated services

I'M AFRAID THE ADVENT OF VIDEO CONFERENCING HASN'T IMPROVED THE QUALITY OF DEBATE AMONG OUR STAFF



digital network) telephone line.

In the US, Intel has forged marketing agreements with AT&T and several regional telephone companies, which will provide ISDN telephone services along with Intel's ProShare software and hardware package. This includes video and communications PC add-in circuit boards, a monitor-top video camera, hands-free headset with microphone and ProShare software. Prices will range from \$1,200 to \$2,500.

Intel plans to launch its personal conferencing products in Europe this year, and has already made an

agreement with one European telephone company, says Grove.

For those willing to sacrifice video telephone features, personal conferencing will cost much less. Intel will offer its ProShare software alone for \$495. The program can be run on a standard 386 model personal computer equipped with a 9600 baud modem. The software includes a tool set with pointers, markers, highlighters and text tools. A "jumpstart" feature allows another user to take part in a conference without buying the ProShare software.

Sandoz splits the R&D difference

Like many big pharmaceutical groups, Sandoz of Switzerland has lived the nightmare of discovering a drug in a new category and then seeing another company bring a competitor compound to market first.

That is one reason why it has split its development department away from its research activity. Britain's Glaxo announced a similar move last year.

"Once you decide to develop a product, you have to go full out. There is no room for half measures," says Urs Bärlocher, chief executive of Sandoz.

The other reason for the change comes from the research side, where the rapid advance of biochemistry is changing the nature of research management. In the

past, pharmaceutical research was chemical-based, and proceeded at a relatively gentle pace. Now, with the rise of biochemistry, it has become more fast moving.

Pharmaceutical companies have recognised that the speed of advances in biotechnology makes it impossible to keep their in-house laboratories up to speed on all fronts. Consequently, they have tended to set up co-operation arrangements with independent biotechnology laboratories and start-up companies.

Sandoz now has more than 20 such arrangements, consuming a tenth of its Sfr1.2bn (£540m) R&D budget. Bärlocher is convinced the number will rise. "We do not yet have a good feel for the right balance, but the trend is

increasing," he says. He points out that it has always been difficult to find researchers with management skills, and now the requirements are much greater.

"You need someone who knows what is happening in basic research, where we can find leads for new compounds. He has to be able to decide quickly which co-operation deals we should enter and which ones we should keep. It is a matter of judgment, and in the past we have been too slow."

Assuming such a person can be found, he argues that it is now too much to ask him to look after development as well. In any event, he believes that the management of development, which involves testing a discovery to the point where it can be put on the market,

demands different skills from research management.

"In development, it is a question of setting priorities. For the most part it is systematic, not creative. It should be run in a way very similar to a production centre. You can measure results and set clear targets."

Sandoz has had a notoriously slow development department in the past. A few years ago, it brought in the management consultants McKinsey to try to speed the process, and last year it set up a project team approach. "We still feel we are not among the very best," Bärlocher admits, "but we are now confident that we can catch up."

He claims that the split will not lead to greater bureaucracy. "We

have tried to segment responsibility by flow of product. We want to give full responsibility to the heads of different sections, and reduce the matrix to a minimum."

Development is by far the most expensive part of the R&D process, especially the clinical studies. Thus, the group believes it must concentrate its research efforts on finding what it calls "number one compounds" - those that are clearly ahead of the competition.

"It is no longer worth following the other guy. Even if you have a fast development department, it will become more and more difficult to catch up," Bärlocher says. "And you cannot count on the other guy's mistakes."

Ian Rodger

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PEOPLE

Motorway course for BAe technocrat

Lawrence Haynes, right, currently project director at British Aerospace, has been appointed to the high-profile position of chief executive of the Highways Agency, which will be established in April, within the department of transport. The DTI made the appointment known yesterday, adding that Haynes is due to start work on February 14. He was unavailable for comment.

The Highways Agency is part of the government's Next Steps programme of setting up agencies, thereby changing the structure of the civil service, with the aim of increasing efficiency and providing greater value for taxpayers' money.

The job is bound to be sensitive. According to last November's budget statement, total spending on trunk roads and motorways in England will average nearly £2bn over the next three years, and a number of controversial decisions - such as widening the M25 motorway circling London - are still pending. Moreover,

Haynes will also be in charge of bypasses, which are always politically sensitive, particularly so in marginal constituencies.

This particular agency will be responsible for a 6,600 mile



network of motorways and other trunk roads, which represents fractionally less than 4 per cent of the UK's total roads but which accounts for one third of all traffic and more than 50 per cent of heavy goods traffic.

Haynes, 41, served as a technician in the Royal Air Force from 1969 until 1972, when he studied for a Business Law degree at Heriot-Watt University. He joined British Aerospace in 1983, eventually becoming managing director of Microtel, a joint venture company put together by BAe in the telecommunications field. He implemented the disposal of Microtel in 1992 and rejoined BAe, becoming project director dealing with "special assignments".

As chief executive of the agency, with a salary in the region of £100,000, Haynes will be responsible for ensuring that it achieves financial and quality of service targets. The stated aim of the agency is to "promote an efficient, reliable, safe and environmentally acceptable trunk road network."

The government argues that creation of the agency "should help to speed up delivery of the current substantial programme of road improvement."

Ford rings some top changes

John Oldfield, a vice president of Ford Motor and head of all Ford's car development and engineering in Europe, is retiring from the UK carmaker.

He has been appointed executive chairman of Aston Martin Lagonda, the UK luxury sports car maker.

Oldfield will take over from Walter Hayes, chairman of Aston Martin since 1981, who will be 70 in April, his mandatory Ford retirement age.

Hayes will remain on the board of Aston Martin, which became a 75 per cent-owned Ford subsidiary in 1987.

Oldfield's move to Aston Martin has opened the way for the promotion of Richard Parry-Jones, Ford of Europe's chief engineer for vehicle engineering - and a rising star in the Ford organisation - to become Ford of Europe vice president for product programmes and vehicle engineering and design.

Parry-Jones, 42, will become a key member of the new generation management team that is being formed at Ford of Europe by Jacques Nasser, 48. Nasser took over as chairman in January last year with the task of halting the mounting losses of Ford's European operations.

Parry-Jones's position as head of all of Ford's car development and engineering in Europe will be crucial to determining the US carmaker's fortunes in Europe during the second half of the 1990s and beyond.

An engineer educated at Salford University, he joined Ford in 1969 and has held senior positions in product planning, engineering and manufacturing in Europe and in the US. He will take over from Oldfield responsibility for forcing the implementation of simultaneous engineering methods in Ford of Europe with the aim of wringing greater efficiency and productivity out of Ford's product and manufacturing engineering operations in the UK and in Germany.

He has previously headed the manufacturing operations at Ford's Cologne plant, where the Fiesta and Granada Scenico are assembled, before becoming Ford of Europe chief engineer in 1991.

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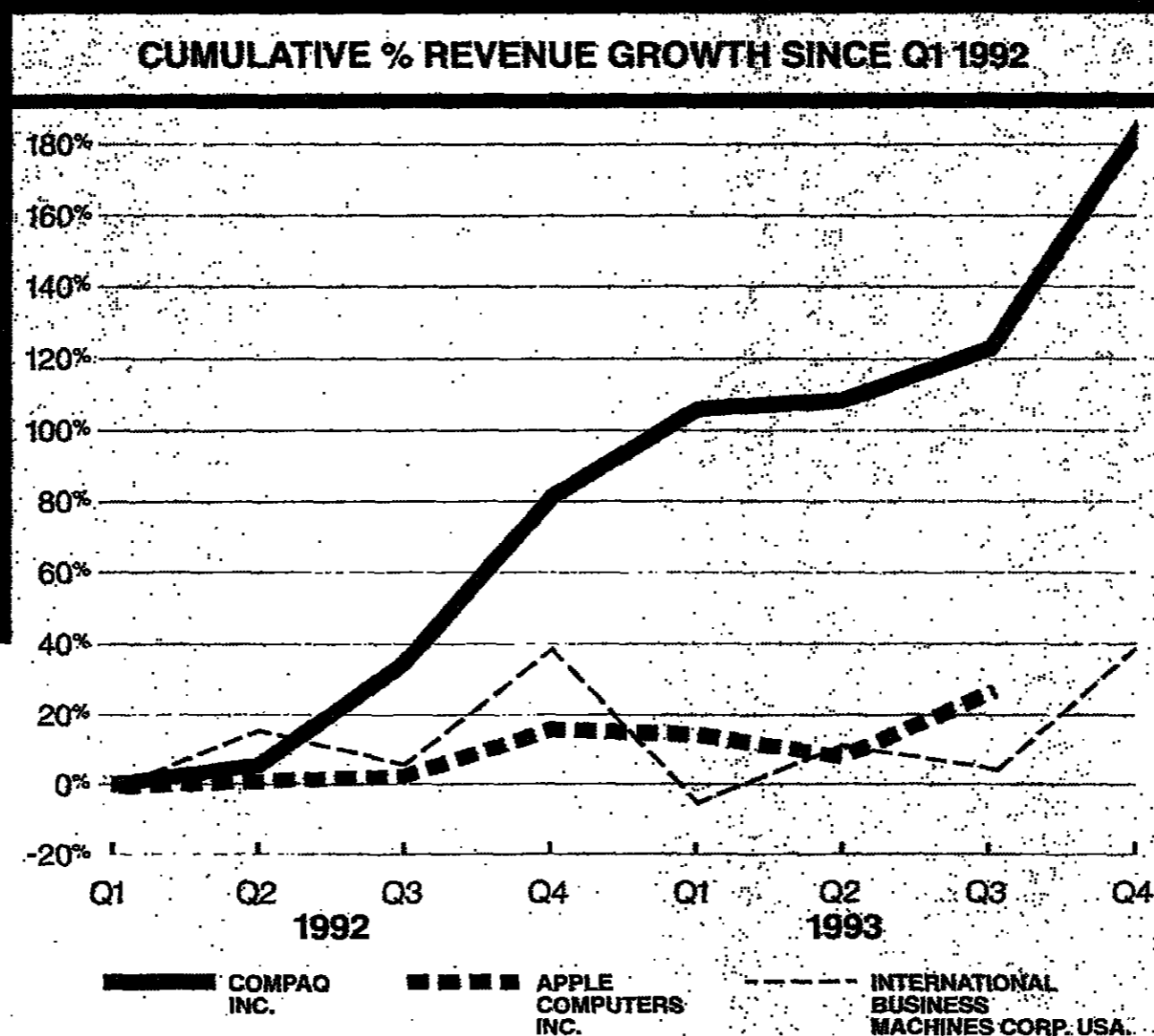
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A few hundred yards from funky Venice beach, the most bohemian stretch of sand in Los Angeles, stands one of the city's most surprising pieces of architecture: an office building with two completely dissimilar halves - one rather like a ship and the other resembling a factory - linked in the middle by a giant pair of binoculars.

This is the headquarters of Chiat/Day, the US advertising agency known for its unconventional, cutting-edge campaigns. Inside the building, Jay Chiat, the agency's iconoclastic chairman, is pushing through an organisational upheaval which could prove just as radical as the architecture.

He is redesigning the way his staff work and the space in which they do so. It is, he says, an attempt to make the business leaner, more nimble and creative, and is a response to the tougher business climate of the 1990s and changing relationships between agencies and their clients.

Some observers say it is a significant early example of a move by American business towards a much more fluid structure - the so-called "virtual corporation". Cynical advertising industry rivals dismiss it as an elaborate smoke-screen to hide cuts at Chiat/Day following the loss of some big accounts.

Whatever the motivation, the move is unusual - and traumatic for staff. Individual workplaces are being abolished. No more will photo-

Chiat/Day is banishing desks, phones and filing cabinets in a radical move, says Martin Dickson

Dismantling the office

graphs of smiling, gap-toothed children adorn parents' desks, or favourite cartoons decorate their walls.

Chiat has always been an innovator. In 1976, he abolished formal offices at the agency, replacing them with small, open-plan cubicles, even for senior members of staff. Now he is doing away with the cubicles, replacing them with a number of public meeting places. These include:

- Project rooms, dedicated to a particular client, where staff will attend account meetings.

- A central library, equipped with the latest computer equipment, with files stored on CD-Rom discs.

- Locker rooms, where staff can store personal items, and work cubicles, which they can use on an ad hoc basis.

- A large common room/restaurant, with comfortable armchairs, a pool table and ping pong. Says Chiat: "It will be warm and welcoming, a place to hang out... to go and get information."

If this sounds rather like a university campus, so it should. Chiat argues that conventional businesses are run too much like schools, where pupils sit at desks all day and are subject to close supervision. He wants Chiat/Day to be more like a college, where "you can say 'Here is the assignment. Go do it. Come back and you'll be graded.'" In other words, staff will be given greater responsibility for their work and movements, or "empowered", to use the management jargon.

They will be mobile, and when they do not need to be in the building they will be free to work from home, their car or a client's office.

The new system, which is also being introduced in Chiat's New York office and will eventually reach its London branch, follows a study of work patterns within the agency and has been made possible by recent innovations in mobile communications.

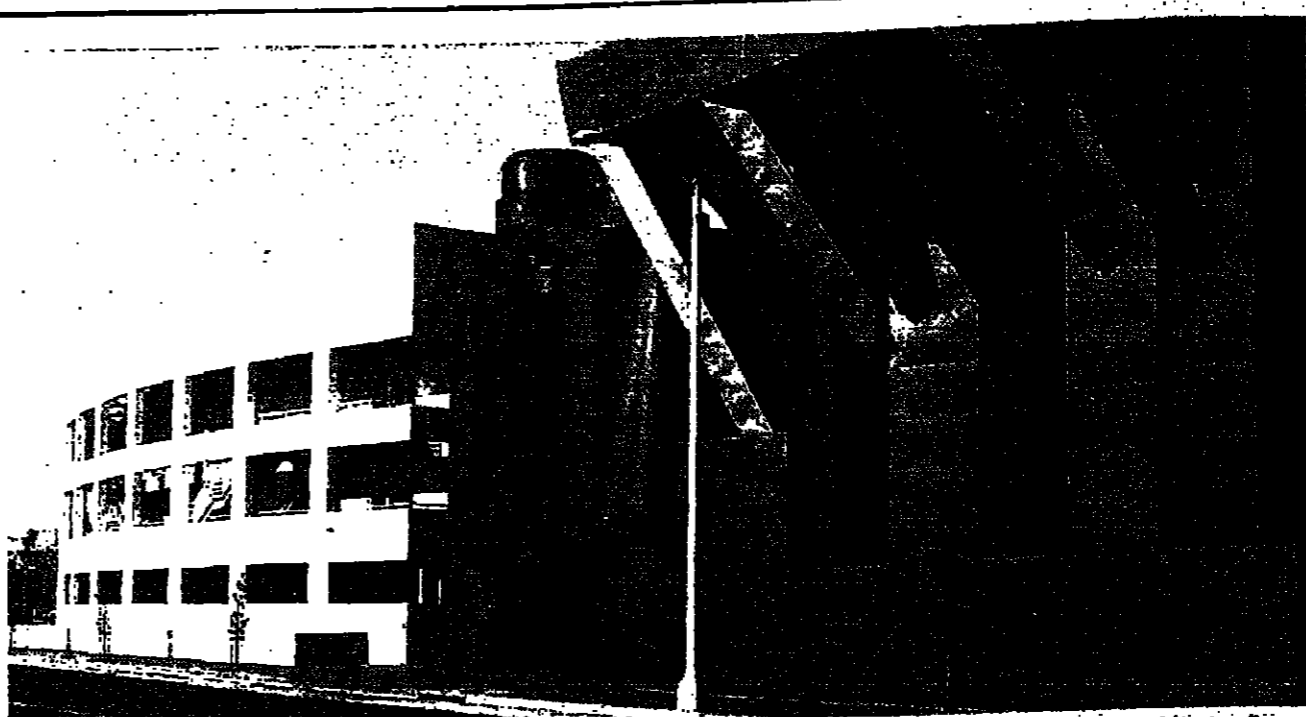
Instead of having a desk

with a fixed phone and computer, staff will be equipped with their own personal phone numbers, cellular phones and notebook computers. Filing cabinets will also disappear, as documents and letters will be scanned into the firm's computer network.

Chiat argues that this is a much more efficient use of time and space. Chiat/Day's staff already spend much of their time away from their desks, in meetings or on the road, and it takes a long time to contact someone by phone.

"The phone," he says, "has become a symbol of non-communication because people are never in their offices." With a cellular unit, they are always in touch.

The redesign is unique to Chiat/Day, though when it was planning the move the agency discovered a Finnish company, SOL Cleaning Service, which had already implemented a similar scheme, apparently with considerable success.



Chiat/Day's vision thing: the unconventional exterior hides an equally radical approach to the workplace - "team architecture"

Chiat hopes the new system will keep the agency "ahead of the curve" as big changes rock the advertising industry. Advertisers, he says, are reassessing the cosy relationship they once had with a single agency, and are looking for greater creativity at lower cost.

Chiat reckons that "it is just a matter of time before everyone is reviewing their relationship". And to succeed, agencies will need to show they understand a client's businesses and are contributing to its success, as well as holding down their costs.

He argues that the new office plan - which he calls "team architecture" - will encourage more interaction between staff members, leading to better teamwork and creativity.

He is anxious to dispel the widespread notion that the scheme is designed to make staff work from home. "It is not about telecommuting. It's about working differently while you are in the office."

He hopes the lack of a desk will encourage staff to spend more time out of the building with clients. "We want them focused on the client's busi-

ness, not internal issues of who has the better office."

In spite of the initial cost of new capital equipment, the system should have a financial pay-off since it requires less office space.

Chiat reckons he can service around 200 staff with roughly 30,000 sq ft of space, compared with around 100 employees under a conventional layout. The system is also more flexible, so he can increase his leasehold expenses.

But the move to team architecture seems a considerable

gamble. The disappearance of desks - a form of office security blanket - could hurt staff morale, which is particularly critical in advertising.

Chiat acknowledges the transition will not be easy. "The change is monumental. I don't think any of the people implementing it have any sense of how much despair there's going to be, how much trauma there's going to be, and the period of time it is going to take for people to feel comfortable with this concept."

But he's convinced that they will eventually.

New logic is here to stay

Edward Lawler condemns the latest theories as passing fads

Management has always been beset by fads and fashions, gurus and demagogues. But never before has there been such a sheer volume of new approaches.

This has led many managers to reach one of two incorrect conclusions: that the new approaches are all hype with no substance, or that a particular programme is the answer.

The reality is more complex and challenging: that the traditional logic about what makes for high-performing organisations is no longer valid, and that a new logic is emerging piecemeal in its place. Some early implementers of it are already gaining a competitive advantage.

What is the new logic? It has a number of elements and is not fully articulated by any single approach - certainly not by the very popular re-engineering movement, as James Champy acknowledged in this column on January 14. ● Value Added: Top to Bottom. Fundamental to the new logic is the belief that value can be added at all levels of an organisation. In the conventional logic, the assumption is that organisations, if structured properly, add value primarily at the top.

The new logic suggests allowing individuals throughout the organisation to co-ordinate and control their own work, and so reduce the need for layers of management and bureaucracy. This cannot mean the elimination of co-ordination, because without it an organisation is unlikely to add value above and beyond what an individual can add. Thus it is critical to put individuals in structures that allow them to exercise lateral co-ordination and self-control so they can add the value that, in the old logic, is added at the top.

As Champy pointed out, a self-control environment needs managers who act as leaders and direction setters. His attack on "empowerment as traditionally advocated" for being tantamount to abdication, is largely a straw man argument, because few proponents of empowerment have argued that managers should just get out of the way. Managers need to provide employees with information, training and power, and hold them accountable for their performance. This cuts costs, as well as creating a workforce that is more responsive to customers and has a greater focus on quality.

● Pyramids to business unit structures. The old logic stresses that control requires hierarchy. However, as the experiences of Xerox and Motorola have shown, true empowerment often requires a major organisational restructuring which destroys the traditional pyramidal structure.

It is not enough just to create problem-solving teams, as total quality management programmes do, or organise around processes, as re-engineering advocates. The new logic requires the flattening

of an organisation, and the creation of one where the responsibility for decisions is distributed, to encourage individuals to work more effectively and to be more accountable for their own customers.

● Individuals in teams. In quite different processes to work, individuals need to be grouped into multi-functional teams. This, while the old logic suggests that individual accountability and responsibility are of supreme importance, the new logic assumes that individuals can do little in complex, inter-dependent situations. As a result, it is best to hold teams accountable, and to organise around teams and their structures. So managers need to be conscious of how their behaviour affects team performance, and what they can do to make teams more effective.

Reward systems also need to be changed. Instead of individuals being rewarded for how well they do their jobs (this has not even been effective in traditional organisations), they need to be measured and rewarded for the success of their team and their business unit. Finally, instead of paying employees for the size of their jobs and their altitude in the hierarchy, individuals need to be paid for their value-adding competencies.

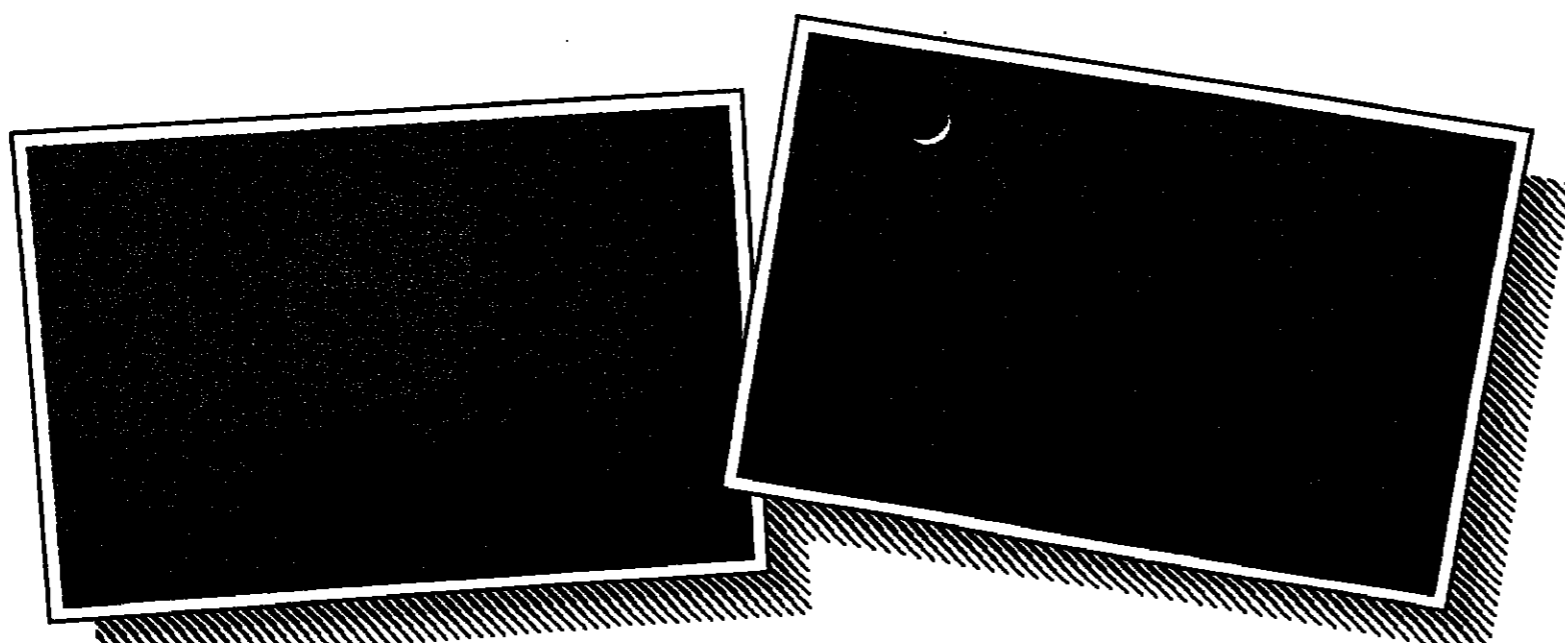
I am often asked what is beyond the new logic of organising. What is the next wave? At this point, I think this is the wrong question. It incorrectly assumes that the principles which I have called the new logic represent a transitory phase. The new logic is still a work in process, and is likely to be the dominant logic for many decades. It is the logic of globally competitive information technology-based organisations which look for competitive advantage through their organisational competencies. As such, it is likely to continue to evolve, and to be in place for decades until a new world order and/or new technologies emerge.

The implications of this for managers are clear. The old organisational life which may be comfortable and predictable is disappearing rapidly. The new logic outlined here is not like the fads and fashions that have gripped management over the decades. Instead it represents fundamental change in the way organisations will operate. People who develop the skills to be effective in organisations which follow the new logic will thrive. Those who do not will be just as obsolete as poorly skilled production workers in a high-technology manufacturing facility.

The author is professor of management and organisation at the University of Southern California School of Business Administration and director of the Centre for Effective Organizations.

Christopher Lorenz's column will resume on February 11.

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Bold stab at Die Soldaten

Max Loppert reviews the Paris premiere of Zimmermann's opera

The long-awaited Paris premiere of Bernd Alois Zimmermann's *Die Soldaten* has taken place at the Opéra Bastille, and the after-shock of its artistic impact can still be registered all over the city.

This remarkable piece – the composer's own treatment of the revolutionary 1775 play by Jakob Lenz – was completed in the late 1950s, pronounced unperformable, reworked, and eventually given its premiere at Cologne in 1965; since then it has been tackled by an increasing number of brave companies across Europe and the US.

The *New Grove* reckons that Zimmermann's single essay in the form is "widely acknowledged as the most important in German since those of Berg". Certainly, in the cultural history of the second half of our century it has secured a position achieved by few other postwar operas.

From the first, the modernists celebrated the many-layered complexities of its four-act structure and rigorous 12-note idiom, intricately laid out for a vast ensemble of singers, instrumentalists (including onstage jazz band), dancers and figurants, with taped and filmed accompaniment in the final act. The opera's precisely plotted simultaneities – different

actions unfolding on different stage levels at the same moment – parallel contemporary developments in Stockhausen; the triple-stage devices of *Die Come to the River*; Henze's 1976 opera for Covent Garden, pale into insignificance in comparison.

But also from the first, many other audience-members, even those utterly unsympathetic to the postwar avant-garde, were yet able to submit themselves to the immediacy and theatrical force of Zimmermann's creation.

In Paris, *Die Soldaten* packs a mighty punch. The Bastille stage, inhosptably large for Mozart and even Puccini, comfortably contains its furthest-flung activities. The Bastille acoustics, whose distancing tends to dampen the delights of the general repertoire, provide here no dilution of the chamber-music filigree that marks much of the instrumental part-writing; nor barrier to the contorted eloquence of the voice parts – which, with their upward leaps, wide intervals and intricate rhythmic notation, must be held to get right, but which come together to make *in situ* an always justly judged dramatic progression.

Altogether, the best aspects of the Bastille adventure are here favoured for display – and, since this is an opera that requires maximum amounts of time and money to mount, that obviously includes

providing the wherewithal to make it happen in the first place. (In Britain *Die Soldaten* might be deemed the missing link in the modern-operatic chain: brought to the 1972 Edinburgh Festival by the Düsseldorf company, it has over the last decade been scheduled and then, for want of money, cancelled by at least three of our national companies.)

The Paris performance, a re-creation of the 1967 staging for Stuttgart by Harry Kupfer and the designer Wolf Mummert, combines stringent musico-dramatic organisation and abrasively brilliant showmanship. Several of the original Stuttgart cast have made the journey to Paris, notably the excellent Franz Mazura (Wesener), Michael Ebbecke (Stolz) and Ursula Koszut (the Countess), and the superb conductor Bernhard Kontarsky. As one may easily judge by reference to the Stuttgart recording (on Teldec), the new leading lady, the American Lisa Saffer, outclasses her predecessor with the crystalline beauty of her high soprano.

Lenz's play, a compact vision unfolded in trenchantly ironic stages, tells of Marie, daughter of Wesener the Lille fancy-goods merchant, a middle-class girl first seduced and later reduced to whoredom by a succession of army officers. Zimmermann was (he later wrote) attracted to its operatic potential not so much because of the socially-critical content, much more because of the *avant la lettre* modernity in Lenz's elliptical, jump-cutting treatment of characters, situations and time shifts.

Kupfer's production does justice to both the laconically fierce world-view of Lenz and the "total-theatre" adventure of Zimmermann. Upon the permanent set, a two-tier wooden edifice baldly outlined, there play modern lighting devices – strobe seizures, palais-de-danse swirls, magically winking hand-held lamps – in sharp contrast to the in-period costumes and props. During the instrumental interludes making up the pattern of Zimmermann's Wozzeck-inherited formal structures, the whole company is set a-twitching like marionettes: a nice theatrical symbol of the dehumanising nature of military life.

This production flourishes the Kupfer signature at its boldest. As is his wont, the producer proves unable to resist going the whole hog: at the end the whole stage edifice collapses in a *Catastrophe* heap. On this occasion, however, the device could be defended as an analogy for the nuclear mushroom-cloud image on which Zimmermann wanted the opera to close, and a response to the strangely cut-off humanity that lies at the heart of the work.

Heard on record, the opera seems for this latter reason an artistic "machine" to be admired, not a fully-fledged experience to be drawn into. In the theatre, the extraordinary acuteness with which Zimmermann judged material and dramatic moment amplifies the impression. But in the end, the inevitable comparisons that one makes with *Wozzeck* and *Lulu* suggest exactly what is missing from *Die Soldaten*: an emotional openness in the vision which allows the audience to distil from it more than just an all-encompassingly harrowing finality.

Opéra de Paris Bastille: final performance February 2



Final scene of 'Die Soldaten' with Franz Mazura and Lisa Saffer

We had a good, sound Verdi Requiem from the Royal Philharmonic in the Festival Hall on Tuesday, much enhanced by the visiting Italians, the conductor and three members of his solo quartet: all young, and all at the outset of their careers.

So was the Puerto Rican tenor César Hernández, though he sounded hampered by something like a slight cold. His baritone timbre was satisfyingly firm and fibrous (there is no statutory requirement for a *tenore di grazia* in this work), but he shaped his heroic rising phrases like someone confident of attaining a bright, ringing top – which he never quite did. It remained clouded, and often fractionally below pitch: never unpleasant, but not thrilling either. I look forward to hearing him on a healthier night.

The solo bass was the 20-year-old Simone Alberghini, manifestly both well-

Concert Verdi's Messa da Requiem

school and full-voiced. No doubt it will take him some years yet to stamp the intended character upon the voice itself, beyond the vocal surface-effects; nevertheless everything he did was both tasteful and telling. The conductor Paolo Olmi, displaying the kind of deportment and stylised gestures that one associates with an older generation, took us through the score honestly, without tricks (instead of ear-shattering thracks from the bass drum in the "Dies irae", we got most carefully modulated punctuation) but with fine, unhesitating fluency.

The Brighton Festival Chorus and London Choral Society were unanimous and sonorous, though their well-crunched consonants were better than their dull British vowels. In this work there is really no substitute for open, Italianate vowels, though the texts are in medieval Latin. It was left to the women soloists to supply the essential dramatic feeling; breathless, nervily elevated intensity from the soprano Norma Fantini, against the dark, well-sculpted line of Luciana D'Intino's mezzo.

We should have heard Miss D'Intino in the recent Berlioz *Trois ans* at the Barbican (happy though we were with her last-minute replacement, Mariella Hatzianou); here in Verdi, her lively maturity and judicious poise suggested the noble Dido she might have given us.

David Murray



Gleefully outrageous out-size images: 'Propped', 1992, by Jenny Saville

Energy on a grotesque scale

We may judge our fellows by their wit or politics, or even their husbands or wives, but we damn them for their taste in curtains at our peril. So it is with their pictures.

Yet in Charles Saatchi we have a man who has been buying the art of his own time, which is bad enough, and by the yard, which is worse; and he has set up for himself the most spectacular gallery in London in which to show it all off. For nine years he has been parading his judgment, from Andy Warhol to Damien Hirst, to decidedly mixed applause. How, we ask ourselves, can he be so persistent, so public-spirited, so well-insensitive?

Since 1982, every other show has been given to the work of younger British artists in his collection, this the third in the series. Now again, it seems, that once one work has caught his eye, he has bought the lot. Good luck to him, that he can command what he wants, and good luck to the artists and their dealers. But it remains a disconcerting procedure.

We may well be happy to see the work of any particular artist, shown in depth and beautifully presented. Yet there is to it all, even so, something decidedly remote and arbitrary. We miss any sense of a collector's personal engagement with the particular work, cherished for itself and set against something else, no less treasured. So it is with the three painters in this show. Individually they have their points, for and against. They may hang together without mutual interference, but collectively they make no sense.

The best of them is Simon Gallery, the only one who is not concerned with the human figure. His work is also the most abstract: large canvases of closely modulated greys and pinks, greens and violets, with simple linear motifs lightly worked over them in oil-pastel. Strongly horizontal in emphasis, they inevitably conjure up landscapes by association: wide seascapes, marshes, estuaries. These beautiful works sit comfortably within a modern tradition that links early Mondrian to Diebenkorn and Agnes Martin and yet looks back to the 17th century, to Kooninck and Ruissdael.

William Packer reviews the latest exhibition at the Saatchi gallery

Simon English's work is less happy – his paintings of the figure, set for the most part on an epic scale, strive for symbolic significance before ever properly establishing a convincing human presence. Naked, Bacon-esque shadows stand in line, set into box-like cubicles that fall away in crude perspective, all cast in a fierce, romantic, highly theatrical chiaroscuro. So far, so good, for there is nothing wrong in the promise of some old-fashioned visual drama. The problem is that the promise is all. Come closer and we find that the technicalities of realisation have been ducked – look, no hands, no feet, no face. There is the world of difference between something left undone or removed by choice, and

something unattempted, evaded. The work of Jenny Saville, at 23 by ten years the youngest of the three, is superficially the most remarkable in the show, as much for its energy and scale as for its quality. Her canvases are very large, conventionally so, but that she should then impose upon them out-size images of the figure that are often even too big for them, is rather less expected. That these images should then be positively outrageous – fat, bloated, distorted female nudes, scratched and scrawled with slogans and graffiti, gleefully flouting all normal canons of taste and decency – only compounds the visual shock.

But whatever their feminist or fattist programme might be, they are more interesting for their formal and practical qualities. Simply to control the paint and sustain such images across these extensive surfaces is to declare Miss Saville a painter of considerable natural ability. Certainly she deserves better than to be celebrated only for her imagery. When the paintings, at their most grotesque, get out of hand, dominated by the image, they are least successful. The best is the simplest, a nude back-view cut off at head and legs, subtly observed, delicately modelled and, in certain passages, almost abstract.

It is a pity she does not show some working drawings. And we must hope she soon escapes the tyranny of scale and the easy shock.

Young British Artists III: The Saatchi Gallery, 98a Boundary Rd, NW8 until July: open Friday to Sunday, 12-6

INTERNATIONAL ARTS GUIDE

Culture in crisis

So the French are no different from the rest. At first it seemed as if France was the one country to remain exempt from the cuts afflicting arts budgets across Europe. The well-being of French orchestras, theatres and festivals was a matter of national pride. Now the recession has begun to bite in the same way as in Germany, Italy, the Netherlands and Britain. Municipal and regional governments are suddenly tightening their belts: free-spending cultural organisations are being called to account.

Paris has escaped the squeeze for the time being, but the provinces have begun to squeal. The Aix-en-Provence Festival has announced it will stage just one opera this year. Bordeaux abruptly cancelled a new production of Salome which had been due to open this weekend. The Opéra de Avignon says it is in financial trouble. One by one, other theatres are admitting

the same. All are reassessing their plans.

As France's premier summer festival, Aix faces a loss of prestige. Its International reputation rests on the opera productions it mounts every July in the open-air theatre at the Archbishop's Palace. This is where many renowned singers of the postwar era – from Teresa Berganza to Tatiana Troyanos – first reached a wider public. Traditionally, three operas form the mainstay of the festival, alongside an attractive choice of concerts and recitals.

But a 30 per cent reduction in the budget – compounded by the lack of private sponsorship – has forced the festival director, Louis Erlo, to confine the 1994 opera programme to eight performances of *Die Zauberflöte*, in a staging by Robert Carsen to be conducted by William Christie.

The festival says it hopes 1994 will be a year of transition. What it needs is not just a formula to liquidate its FFr1.6bn (US\$2m) running deficit, but an injection of new ideas and young blood.

EXHIBITIONS

AMSTERDAM
Rijksmuseum Dawn of the Golden Age: 350 works offering a magnificent survey of Northern Netherlands Art around 1600. Ends March 6. Closed Mon

DRESDEN
Albertinum Egyptian Antiquities: 400 objects from the Dresden collection, including stone sculptures, religious figures and everyday vessels, now on show for the first time since being taken to Russia as booty after the Second World War. Ends Sep 18. Closed Thurs

FRANKFURT
Schirn Kunsthalle Archaeological Treasures from the Roman Past: a major exhibition of 500 objects documenting 6000 years of Roman history, including weapons, jewellery, gold and silver, most of which have never been seen outside Romania. Ends April 17. Closed Fri

FRANKFURT
Städelsches Kunstinstitut: 260 works by the 17th century still-life painter. Ends Feb 13. Daily

FRANKFURT
Jahnhunderthalle Hoechst Ernst Ludwig Kirchner: first showing outside Berlin of the complete Kirchner collection from the Brücke Museum. Ends March 30. Daily

FRANKFURT
Städelsches Kunstinstitut: 19th century French and German prints. Ends Feb 28. Closed Mon

FRANKFURT
Museum für moderne Kunst On Kawara (b1933): seven paintings and 62 drawings by the Japanese conceptual artist. Ends May 15.

FRANKFURT
Van Gogh Museum Georges de Feure and Félix Bracquemond: retrospective of the Dutch Symbolist painter and the late 19th century French printmaker. Ends Feb 13. Daily

FRANKFURT
National Gallery Claude, The Poetic Landscape: 28 paintings and over 50 drawings, mostly from British collections, demonstrating that Claude was as much a painter of stories as a master of the panoramic view. Ends April 10. Daily

FRANKFURT
Victoria and Albert Museum Fabergé: more than 350 treasures created by the House of Fabergé for the Russian Tsars, the royal families of Europe and other important patrons, including jewelled fashion accessories, exquisitely hand-crafted objects for the home and eight imperial Easter eggs. Ends April 10. Daily

FRANKFURT
Royal Academy of Arts Art of the Ancient World: 300 masterpieces from the George Ortiz collection. Ends April 6. Closed Thurs

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The kite-mark, symbol of the British Standards Institution since the turn of the century, is flying high. But on the ground all is not well.

British Standard 5750, a quality assurance standard which testifies that a business's management systems are judged effective, has become a worldwide best-seller and profits and turnover have soared. Yet just when the benefits of all the work that went into BS5750 are starting to come through, BSI's success has turned sour.

In the past six months a series of upsets has wrenched BSI off the pages of the trade journals and into the national press. The problem has partly resulted from dissatisfaction in industry with BS5750, and partly from the strains imposed by an attempt to modernise BSI's venerable management structures.

The constant stream of bad news about BSI has raised fears that its image and ultimately its effectiveness could suffer. Damage to BSI, whose 28,000 member companies subscribe to its services and help write its standards, would reduce Britain's ability to get its standards accepted internationally with all the benefits that brings for UK companies.

For, in spite of Britain's manufacturing decline, BSI has maintained a powerful position in the European and international forums where most standards-setting now occurs. Britain leads just under a quarter of the international committees which draw up specific standards, a similar percentage to its German and French counterparts, DIN and AFNOR.

And in spite of increasing competition in the traditional field of standard writing and product testing, BSI has grown rapidly in recent years because of the success of BS5750. Revenues from certifying companies to BS5750 and the fees BSI charges for ensuring that companies are sticking to the rules, accounted for 60 per cent of BSI's £75m turnover last year.

The first hints of difficulty arose in June when Dr Michael Sanderson, BSI's chief executive for just 18 months, stepped down over what the institute called "a deep disagreement on important matters of policy and management".

This was followed by a row between BSI and a committee which it had helped set up to review the problems small companies face in implementing BS5750. Organisations representing small companies have pressed BSI to simplify

A blot on its reputation

Charles Batchelor on disputes at the UK standards body



BS5750. BSI withdrew funds from the committee and put pressure on it to finish its deliberations.

At about the same time, the government announced a review of whether BSI should continue to receive a subsidy for its standards-writing work. Standards-writing is not lucrative but BSI's other activities - certifying companies to BS5750 and monitoring them - have become increasingly profitable in recent years. BSI made a profit of £7.5m in 1992 and received a grant of £4.5m.

BSI's problems reached their climax in November when its members delivered a humiliating snub to Mr Vivian Thomas, BSI chairman, and his board. The members turned down plans to strengthen the powers of the directors and to double directors' fees to £15,000 a year, and the chairman's fee to £25,000.

As a result of this setback the board has been forced to delay all its proposed changes and is now holding meetings with members to improve relations. But in spite of what some members describe as encouraging discussions in

recent weeks members remain wary. There is no guarantee that Mr Thomas's proposals will be acceptable if they are put to members again at a resumed annual meeting on March 8.

Mr Thomas, a pugnacious former chief executive of BP Oil, is at the centre of the present storm. Brought in as chairman two years ago, he was pushed out of office by the sudden departure of Dr Sanderson. Instead of immediately seeking to appoint a new chief executive Mr Thomas created a small executive board to run BSI and has since devoted himself practically full-time to pushing through change.

"It would have taken us four months to find a chief executive," he says. "We couldn't wait that long. We cannot return to the clubby atmosphere of the past."

Mr Thomas believes that a wholesale reorganisation of BSI is essential to give it a more professional management suited to a business which this year expects to achieve turnover of nearly £100m. "You can't run a business this size like a co-operative," he says.

Mr Thomas has wasted no time, computerising many procedures, cutting out layers of committees and shedding jobs.

But the pace of change worries some of BSI's members. There are no signs, as yet, that the disaffected members are coming round to the board's point of view. If anything, attitudes are hardening. The Federation of Environmental Trade Associations has threatened to bypass BSI and to send its members to the European and international groups which are writing a growing number of standards.

The Mechanical and Metal Trades Confederation says it may withdraw its members from BSI's standards-writing committees. "The directors cannot expect to benefit from BSI's commercial activities while expecting their members to provide their services for free," said Mr John Carruthers, confederation director-general.

This feeling that the present board is tinkering with a system which has stood the test of time is widespread. Mr Gordon Gaddes, the Federation of British Electrical and Allied Manufacturers' Association, is convinced that the abolition of what are known as standards policy committees has removed a democratic control on the actions of the board. "There is a vacuum," he says.

So where does BSI go from here? Mr Thomas says he is resigned to the government grant being reduced and turned into a contract with payments tied to the provision of specific services. This would allow the government to judge more accurately BSI's value for money.

BSI has also started looking for a chief executive. It hopes the post will be filled by April. Mr Thomas would then resume his original role of part-time chairman.

Mr Thomas acknowledges failings in his approach. "I have been in too much of a hurry and we have not communicated externally as much as we should." However, he remains committed to the need for change. For all the criticism of BSI, no one has accused it of not writing good standards or of not delivering value for money, he says.

But the gulf between Mr Thomas and his members remains a large one. So fundamental are the differences that it is by no means certain that they can be bridged by the time of the resumed annual meeting in March.

Joe Rogaly

Once more, with feeling



Political discourse entraps the soul, or it is nothing. Nothing. Politics conveys no ethical sense, and therefore conveys no human meaning. Yet this is what is on offer from growing numbers of parties in the west. Markets, privatisation, the cult of the individual are all fine ideas, but without a moral foundation all are empty. This is one consequence of the sudden death of socialism. It has become fruitless to propound Marxist theory, and pointless to rebut it. In many countries the passion has been drained out of the process of choosing and dismissing governments. Democratic representatives who formerly sought to improve the conditions of life of those who elected them have become hacks, seekers after office. Voters are turning away.

In Italy the old parties have dissolved themselves into fresh alliances, with new names and re-stated programmes. Former communists may lead a coalition to victory, but it is a market economy they will manage. If the electorate's blood is up it is because it demands a change to cleaner politics, not for the old left-right reasons. In Canada the Conservative party has been all but obliterated. Germans are said to be once again toying with the notion of a grand coalition of Christian and Social Democrats with Liberals and Greens. At the 1992 US presidential election Mr Ross Perot took votes away from both the Democratic and the Republican parties. In Britain the disillusionment with mainstream politicians is palpable.

One reason for the general cooling of politics is that the old questions about social deprivation are avoided, as if

out of embarrassment. The 1994 edition of Britain's statistical annual Social Trends, published yesterday, indicates that since 1979 the Tories have steadily mulcted the very poor. As we all know, the rich have become far richer. There were no protest marches, no riots in the streets, not even a measly squeak from the leader of the Labour party when he questioned the prime minister about other matters. On Wednesday, President Bill Clinton delivered a State of the Union message in which he offered a hand up, but not a permanent hand-out, to America's poor. Social-Democratic predecessors, like President Lyndon Johnson and his

population is expected to rise from 5.8m in 1990 to 8.5m in 2025. The rate of increase of emissions of CO₂, the most enduring greenhouse gas, is about 3 per cent a year, a figure less likely to be decreased by the resolutions taken at the 1992 Rio conference than increased by the rapid enrichment of China. The danger to the planet has not receded; only the political response is, temporarily, in abeyance.

We might also be in for another resurgence of dangerous tribalism. This observation is supported by a pamphlet from Demos, an independent think-tank. Its author, Mr Vincent Cable, is director of the international economics programme at the Royal Institute for International Affairs. He developed the ideas in his paper as a member of group planning at Shell. We can imagine them brainstorming about global scenarios.

There is little that is brand new in Mr Cable's essay. Protecting our tribe and attacking the others has been a practice for shall we say, most of the last 2,000 years. He does, however, offer a stimulating account of the rise in parties concerned with what he calls "identity politics". At its best this produces "cultural conservatism", by which the author means the combination of a belief in the market economy with either a strong religious, moralistic fervour, as in "born again" Christians in the US, or an exclusive, nationalistic approach to capitalism, as in Japan. At its worst it produces Russia's rabidly nationalist Zhirinovsky.

Manifestations of identity politics listed by Mr Cable include the rise of the Republicans in Germany and the National Front in France, the preoccupations with Ulster and the Maastricht treaty in Britain, and the emergence of a strong Hindu nationalist party, the BJP, in India. The tragedy of the former Yugoslavia and the fragility of the new east European democracies may also be called in evidence. Again, it could be that extreme racist and nationalist parties in Germany, France, Italy and Belgium will do well in this year's elections to the European parliament.

Set against tribalism is pure liberalism, which takes no account of class, race, national origin or, saving the rule of law, any other impediment to the freedom of the individual. Liberalism is strengthened by the globalism of identity politics; tribalism - sorry, "identity politics" - is weakened if humans everywhere become more like one another.

Contemporary arguments fall on either side of this line. Take, as one example "family values". Libertarians stick by personal choice, Mr Cable points out. Their opponents insist that family and personal relationships reflect the disciplines of "culture, tradition and faith". This leads democratic politicians into some murky waters.

The conclusion is that people concerned with politics must learn "how to satisfy people's yearning for a sense of belonging and identity without unleashing destructive political forces". Mr Cable has a point. Liberalism is the way, but it requires enhancement. We must get some blood back into politics, or blood will flow.

"The World's New Figures: Identity in Crisis, £5.95 from Demos, 9 Bridwell Place, London EC4V 6AP

Tribalism - sorry, 'identity politics' - is weakened if humans everywhere become more like one another

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Keeping an eye on banks

From Mr Michael Chamberlain

Sir, I wish to share the confidence of Mr Edie, Governor of the Bank of England, that banks are committed to providing finance to small businesses ("George calls for a cut in recommitments", January 18). Chartered accountants around the UK report that their clients are still experiencing significant problems with banks. Small ventures today are too often unable to obtain finance at anything like reasonable interest rates. Just as worrying are reports of banks offering finance only if clients accept unwanted and/or unduly expensive insurance products as part of the financing package.

The governor is right that very many small businesses lack financial and management skills. Good business advice, whether from Training and Enterprise Councils, Business Links or chartered accountants, is generally a crucial element in the success or failure of small businesses. I also welcome the emphasis on the need for banks to ensure that lending staff are properly trained. I hope the shift towards specialist business centres in banks does not mitigate against small companies.

The Bank of England report places small business finance on the public agenda. But translating that into a new era of understanding and support from bank managers requires action on the ground. My members and their clients will not doubt be watching closely. Michael Chamberlain, president, Institute of Chartered Accountants in England and Wales, Chartered Accountants Hall, Moorgate Place, London EC2P 2BJ

A proposal too far for directors

From Mr S G Kay

Sir, I read with interest the proposals concealed within the article "Risks for directors grow", by Graham Maw (Survey on International Legal Services, January 26), which go further than the Cadbury report.

As a practising and, I hope, professional chief executive, I am increasingly concerned at the range and number of bodies and committees giving well-intentioned advice to me.

There will be so many checks and balances that there will be no room for progress.

In particular, I do not agree with Mr Maw that a remuneration committee should be wholly non-executive. I am in the best position to know the detail of my subordinate's performance and I wish to have a direct say in their salary and other rewards. The Cadbury recommendation for a remuneration committee to be "wholly or mainly" non-executive provides for me to be a member of that committee.

Inveresk supports both the spirit and the letter of Cadbury, but not further.

Has Mr Maw, I wonder, experienced the pressures of the real commercial world? S G Kay, managing director, Inveresk House, 3 Pitreavie Court, South Pitreavie Business Park, Dunfermline, Fife KY11 5PU

Unrecognised benefits of road transport

From Mr Mike Hollingsworth

Sir, There are sound economic reasons why consumers need to be given consistent and accurate information if they are to make efficient choices about transport ("Fading blueprint of a greener world", January 26). Unfortunately, the chapter of Professor Pearce's book, *Measuring Sustainable Development*, which deals with transport makes two fundamental errors. These invalidate his conclusions that road transport fails to pay for its full costs.

First, government tax revenues from road transport were £23bn last year, not the £14.7bn which he cites. It is true that many motoring taxes are in forms which do not help motorists' understanding of transport costs since they do not in many cases relate to usage. A motoring tax system based on use rather than ownership and purchase of vehicles would improve economic and environmental efficiency. The tax-take is already sufficient to meet the full costs but a reform of the tax structure should relate tax more closely to usage.

Second, Professor Pearce includes congestion costs as an external cost of the road transport system. This is not the case. While it is true that congestion costs are highly wasteful and should be reduced, they are inflicted by motorists on one another not on non-road users. Congestion costs are therefore internal costs which have already been paid for by road users in lost time and extra fuel used. To require motorists to pay these charges again would amount to massive double counting.

If these factors are taken into account then, using Professor Pearce's figures, road taxes exceed road costs by £6bn. Motoring costs are not twice the amount "fetched by road taxes". There is, in fact, no objective basis for any increase in the overall taxation level from road use through the structure of existing taxes and other motoring costs could be improved significantly.

It is also the case that fewer people are killed and injured on Britain's roads than previously, though still not few enough. Air pollution from vehicles is declining rapidly as new cars are fitted with catalytic converters and are becoming quieter. Most of the social costs associated with road transport are in fact falling.

Mike Hollingsworth, chief economist, The Society of Motor Manufacturers and Traders, Forbes House, Fakenham Street, London SW1X 7DS

From Mr Paul Everett

Sir, The assertion that road users do not pay enough for the use of Britain's road network is undermined by a number of significant omissions ("Fading blueprint of a greener world", No. 26). Not only does it underestimate the existing tax burden by some £7bn, but completely ignores the existence of significant benefits that accrue from road use.

Surely we should look at the value of having more than 2m people employed in the road transport sector, or the increased leisure and work opportunities that road use allows Britain's citizens. How much value do we place on the availability of fresh produce and product choice in our shops at prices that can be afforded?

Increasing the cost of road use will have a direct impact on the cost of living of individuals and the profitability of British industry. Road pricing will have much wider social and economic impacts than is recognised by Professor Pearce and a balance sheet that ignores them represents an incomplete analysis. Paul Everett, assistant director, British Road Federation, Pillar House, 194-202 Old Kent Road, London SE1 5TG

Waste management should also mean producing less rubbish

From Ms Georgina Watkins-Spies

Sir, Two articles on waste management on one day ("Recycling has neighbours crying foul" and "When waste is not wanted", January 26), but not the smallest mention of the crux of the problem: the need to produce less rubbish. The impact on other countries' waste disposal markets of Germany's efficiency at collection should at last induce Europe's legislators to force manufacturers to use less packaging - or at least more of the re-usable kind.

In Germany, most people cart crates of glass bottles full of mineral water, fruit juice, beer etc back and forth to the supermarket as a matter of course, but dairy products, for example, are rarely obtainable in anything but plastic - though milk is available in bottles here for the more conscientious. The mere thought of the millions of sordid plastic yoghurt pots alone discarded every day enrages me. Georgina Watkins-Spies, Schöteningweg 5, 22085 Hamburg, Germany

Advertising proposals resisted

From Mr Lionel Stanbrook

Sir, Your report "Cash with order adverts revived" (January 23) correctly draws attention to the compromise text on distance selling proposed by the Greek presidency of the Council of Ministers. However, the UK's marketing industries should not assume that the revivals are permanent. The Commission's contentious revised draft remains on the table - with its restrictive provisions on cash with order, telephone selling, credit cards, information requirements and its inclusion of the financial services and tourism sectors. While the Greek text does

reflect some of the discussions between governments, the Commission's text in the main may still be approved by the European parliament, and still represents a position generally supported by many of the EU member states. Thankfully, the UK is not one of these. The UK Advertising Association and its members will continue to defend the UK's effective consumer guarantees in the face of inappropriate and unwieldy EC legislative proposals. Lionel Stanbrook, director of special issues, Advertising Association, Albany House, 15 Wilton Road, London SW1

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Friday January 28 1994

Openness on open markets

Monopolies thrive on secrecy. One of the best ways of combating them is to expose them to the full glare of public scrutiny. In the US, they call this "sunshine regulation". But most competition authorities do not practice sunshine regulation. They prefer to conduct their investigations behind closed doors.

Britain's Monopolies and Mergers Commission is perhaps not the main culprit. Its independence from government and its habit of publishing detailed reports setting out the conclusions of its inquiries certainly compare favourably with the European Commission.

The drawbacks of the European Union's approach were amply demonstrated earlier this week when the full Commission failed to back a proposal by Mr Karel Van Miert, the competition commissioner, to block a three-way steel tube merger on grounds that it was anti-competitive. Not for the first time, political considerations overruled consumers' interests. The case for an independent European cartel office now seems unassailable.

But independence alone does not guarantee openness. For example, it has not prevented the Commission from being a black box. Until an investigation is completed and recommendations published, the Commission operates a system of strict purdah. This allows a monopolist to put a spin on the facts while other interested parties, which might be able to rebut its position, are kept in the dark.

Mr Graeme Odgers, the MMC

chairman, yesterday acknowledged the importance of regulatory openness. "That is also one of the conclusions of an unpublished review of the Commission by the Department of Trade and Industry consultants."

But, beyond releasing a new video, which explains the MMC's workings by taking viewers through a mock investigation, Mr Odgers had little to offer by way of remedy. In particular, he rejected the idea of holding open hearings or publishing the Commission's preliminary findings.

This is pity. A video of a mock investigation is no substitute for public hearings. Nor is the publication of a detailed final report any substitute for public access to the Commission's preliminary findings. Once the final report is published, it is too late for the views of interested parties to have any effect.

Mr Odgers defended the Commission's behind-closed-doors approach on the grounds that much of the information revealed in its investigations is commercially confidential. Confidentiality is certainly an issue. But it is not clear why it cannot be protected by holding selected hearings in private instead of having a blanket *in camera* approach.

Nor is Mr Odgers' argument that public hearings would encourage participants to play to the gallery compelling. It assumes that the public cannot form a view of what is in its interest. The Commission's motto should be less black box and more sunshine.

Southern front

When Europeans talk about security in the post-cold war world, they often find they are not talking about the same thing. Germany worries about the stability of its central European neighbours; Britain worries about the health of the Atlantic alliance; Mediterranean countries worry about their Arab neighbours, especially Algeria. All those worries are legitimate, and should be addressed by the EU's common foreign and security policy. The last, especially, should be taken more seriously in northern Europe than it has been so far.

Two years ago the Algerian army intervened to forestall the election victory of the Islamic Salvation Front (FIS). It proposed to smash the violent hard core of the opposition while introducing economic reforms to restore hope to those who had joined it out of despair. That strategy has not worked. In fact the economic side of it has not even been tried. The bold economic reforms launched between 1989 and 1991 have been reversed, making impossible any deal with the IMF and Algeria's other creditors on the country's \$25bn foreign debt, which will absorb 100 per cent of its export revenue this year.

Politically, Islamic militants denied power through the ballot box have turned to violence. Repression, accompanied by human rights violations, has radicalised the opposition, and even secular parties boycotted the "national consensus conference" held by the regime this

week, since the exclusion of the FIS deprived it of credibility. The country is sliding into civil war.

These developments threaten Europe on several levels. Civil war invariably produces large flows of refugees, many of whom in this case would be bound to cross the Mediterranean. Their arrival would exacerbate racial tensions. The war could spread to north African communities in Europe. Islamic militants, if they lose, might resort to terrorism not only against Europeans in Algeria but against targets in Europe itself. If they win after a long and bitter struggle, Europe would face a prickly and hostile neighbour within easy missile range. Either way, an Algeria racked by civil war and deprived of much of its westernised middle class would not attract foreign investment and would be likely to stagnate economically. Europe could face more and more poor and angry people on its very doorstep.

Only a genuine dialogue between the army and the FIS offers any hope of a peaceful solution. The EU should use its good offices to help bring this about. By promising economic aid and increased market access for a peaceful, democratic Algeria, it could offer an incentive to both sides to negotiate, and reassure to those in the country who fear that an Islamic victory would mean isolation from Europe and wholesale suppression of human rights. Continued support for the status quo can only store up worse trouble for the future.

Public business

Inadequate financial controls, failure to comply with rules, poor management of projects and an absence of clear lines of accountability. These would be damaging criticisms if made about the conduct of business in the private sector. When made of the UK public service, they are devastating.

Yet these criticisms – and many others – were made yesterday by the Commons Public Accounts Committee in a report on the conduct of organisations which consume public funds. The report draws on 17 studies over the past four years into serious failures in the stewardship of public money. These range from the provision of official cars to executives without requiring them to pay for private motoring to the loss of at least £20m on a computer project for the Wessex regional health authority.

It would be tempting to blame such failures on the management changes in the public services introduced by the present government. Much of the work of delivering public services has been handed over to executive agencies and quangos, under looser Whitehall control. Private contractors have been brought in to do large parts of the work of the health service, central government and local authorities. Public sector managers are being encouraged to break away from bureaucratic administration and manage their services more entrepreneurially.

By moving away from top-down administration, such reforms open up opportunities for weakening

control over public money. The standards of equity and probity required in handling taxpayers' money can be easily forgotten – especially when managers are brought in from outside the public service. Conflicts of interest, inadequate oversight and ineffective monitoring can all result when bureaucracy is swept away.

Yet none of these outcomes is inevitable with public service reform. The many successful examples of public sector reform demonstrate that traditional standards of public business do not need to be sacrificed to pursue efficiency and effectiveness. According to the report, no new rules are needed: the problems arise when existing rules are breached.

Such breaches are more likely when management change is driven through with excessive haste. This leads to neglect of proper controls and accountability. And it puts responsibility into the hands of staff who have not acquired the necessary financial training and experience. A more measured approach will in the end achieve better results and avoid discrediting reform. But the importance of scrutiny and oversight is also a clear message of the report. The Public Accounts Committee's writ should be extended to all bodies which largely depend on public money for their income, including the growing numbers of quangos which have assumed much of the responsibility for spending public money.

Ms Eva Maria Geer no longer believes the politicians in Bonn. "Why should I? They made all these promises about rapid prosperity in east Germany," she said, holding her youngest daughter. "From my experience, when people talk about becoming competitive, it means cutting jobs. That makes it all the more depressing for my chances of re-entering the labour market."

Like many of her friends, Mrs Geer used to work in the local shipyards in the east German city of Rostock. Before reunification in 1990, the yards employed more than 25,000 people. Today, fewer than 5,000 work at the docks. In 1991, Mrs Geer became pregnant. Her husband fell ill. At the end of her maternity leave, she received a letter stating her job was no longer available.

Mrs Geer dismissed the 30-point economic plan unveiled by the government last week as rhetoric. Aimed at increasing workplace flexibility and improving competitiveness, it is regarded by many of east Germany's unemployed as irrelevant. The plan includes help for start-up companies in the form of low-interest loans, encouragement for the long-term unemployed to take low-paid work and the promotion of part-time employment in the state and private sectors.

But such proposals only induce scepticism among voters. As the campaigning gets under way for a marathon round of local and state election in March, the plight of east Germany's 1.7m unemployed and the cost to the west German taxpayer is starting to dominate the political debate.

Candidates are finding it an uphill struggle to convince east Germans that the labour market will improve, even though their economy is forecast to grow by about 6 per cent this year.

Apart from the official unemployment statistics there is an additional problem: nearly 2m east Germans are classified as working but are either on short-time, re-training, or job-creation schemes. The combined cost to the government of east German unemployment benefits, plus funding for the schemes, was more than DM45bn (£17.1bn) last year.

Unemployment in east Germany has been exacerbated by several factors. First among them is the unrealistic wage agreement by IG Metall, the engineering union, and west German employers to equalise eastern and western wages by 1996 despite eastern productivity rates running at about 50 per cent of those in the west. Second, the rush towards privatisation has meant the closure of many enterprises in east Germany.

The Princess Royal readily admits it is hard to get the press excited about a modest ceremony to mark the 75th anniversary of one of her favourite charities. The task becomes Herculean when, on the other side of the world, someone chooses the same morning to take a pot-shot at her older brother.

She has already been assured Prince Charles is unharmed and, while her security officers chat in the corridor about the drama "down under", she deftly fends off questions on personal safety.

It is business as usual at Church House, Westminster, where she has come to mark the start of celebrations for Save the Children, the worldwide charity of which she has been president for nearly 25 years. The organisation fights not only for the rights of children from Bangladesh to Belfast but also for badly needed funds in the increasingly competitive marketplace for humanitarian aid.

It is "entirely feasible", she says, that there are now too many charities tugging at people's pockets, though one which has been around since 1919 can hardly be accused of jumping in on the act.

"The British in particular are ferociously individualistic about the way they approach problems. There

Judy Dempsey looks at popular pressure for politicians to find solutions to east German unemployment

No work, little to believe in

Mr Rainer Schöndube, a board member of Germanischer Lloyd, the Hamburg-based shipping insurance company which took over its east German counterpart in 1990, said:

"Wage levels are the main contributing factor to unemployment." But Mr Schöndube believes it would have been more socially acceptable for the government to subsidise unnecessary jobs temporarily than to support large numbers of unemployed in east Germany. "We have heard all the arguments about over-employment in the east German enterprises, which is true. But for political stability and for the morale of the people, it would have been better to finance jobs rather than unemployment," he said.

Amid the disillusionment at broken promises about how reunification would improve living standards in east Germany – and, in Chancellor Helmut Kohl's memorable words, lead to "a blossoming landscape" – there is no shortage of east Germans willing to go to extremes to find work.

Mr Werner Rösler is one of 380,000 commuters who work in west Germany. For the past two years, he has each Sunday evening made the two-and-a-half-hour train journey from Rostock to Hamburg. During the week, he works at Germanischer Lloyd, a tall building overlooking the docks.

"I'm one of the lucky ones, especially at my age. I am 51. I have had the chance to retrain and have a permanent job. Of course, I would prefer to spend time with my family in Rostock. But I have to make compromises," he said.

Across Hamburg, in the north-east of the city, is Otto Versand, the giant mail-order business which last year had a consolidated turnover of DM21.2bn and employs 44,000 worldwide. Otto Versand continues to expand. Despite Hamburg's unemployment rate of 9.2 per cent, the management cannot find local staff for the packaging department.

"They are too qualified, or else they do not want to do this kind of work," explained Mr Detlev Livonius, head of public relations.

Instead, the company employs more than 500 commuters from the north-eastern state of Mecklenburg-

East German unemployment: uphill struggle

	1993	1992
Population: 16m		
Labour force: 7.2m		
Unemployed	1.148m	1.17m
Job creation schemes	240,714	300,000
Short-time work	185,000	250,000
Retraining	392,000	480,000
Early retirement	849,000	811,000
Retraining for early retirees	15,000	23,000
Retired	8,900	3,000
Social welfare for long-term unemployed from 1992	7,000	10,000
Total number unemployed and in other categories	5.63m	4.20m
Unemployment rate (%)	16	15.4
Excluding all above categories		
Total cost	54.7bn	51.8bn

* As % of labour force in east Germany

Vorpommern, part of the former East Germany. "Each day, we send buses to collect these commuters. Over 80 per cent are women. They work in the evening shift which starts at 5pm. And we bring them back home at 11pm."

Mr Livonius said Otto Versand is reaping no benefit on labour costs. "We pay the commuters from eastern Germany the same rates as here in Hamburg. We cover insurance and everything else. The big difference is these people are highly motivated and flexible. They work really hard." The commuters travel a total of 100 miles each day.

On the other side of Germany, 21-year-old Katarina Fend from Rostock is living in Coblenz. She finished studying as a midwife last year. But there were no jobs in Ros-

tock, her home town. "The birth rate is plummeting in eastern Germany. Jobs in hospitals and private practices are at a premium. So last year I applied for a place near Coblenz. I got it. But I miss my friends. I hope to return to Rostock, if and when the economy picks up," she said.

Once a month she returns home to the east. "There is no point in complaining. There's no point in waiting for a job to turn up at home," she said.

Miss Fend is one of the lucky ones. As unemployment rises in west Germany, the numbers commuting from the east are falling. In 1991, more than half a million east Germans travelled either to west Germany, or to west Berlin, on a daily or weekly basis. "The official

figures show unemployment has stopped rising in eastern Germany so maybe some commuters have found work at home," said Ms Melanie Nassauer, an official at Berlin's federal employment office. In 1992, the unemployment rate in east Germany topped 17 per cent. Last year, it dipped to 15 per cent. "But you have to look at the reality behind the official statistics," she added. "What is happening is that some people, many women, for example, have dropped off the unemployment register and now only receive welfare. In addition, job-creation schemes are being cut because there's no money. So these people, who are in fact jobless, do not show up in the unemployment figures. It's pretty dismal."

Neither Ms Nassauer, nor her colleagues in the employment offices in Hamburg or Rostock, can decide if unemployment benefits are so high that they act as a disincentive for people to seek work. Although wages in the east are only about 75 per cent of those of west Germany, benefits are calculated on the same scale and based on the last monthly salary. For those on short-time work, the outlook is better: they receive federal short-time pay (equal to unemployment benefits) but remain on a company's books and can be called upon to work.

"To tell you honestly, I had enough money to live on when I was put on short-time work," said east Berliner, Ms Silke Richter, a 33-year-old languages graduate and mother of three, who works as a personal assistant.

"From late 1991 until April 1992, I received DM1,400 a month, or 90 per cent of my last (net) salary. But there was hardly any work to do. We called it null, or zero work. I was then made redundant, so for a while I received 72 per cent of my net salary. Later I received unemployment money, which is 67 per cent of my last salary. But I had to get a job because I was going crazy."

For the unemployed in Rostock, the commuters in Hamburg and the re-employed in Berlin, reunification has brought differing experiences. But they are all united on one thing: the need to get east Germany working is paramount. It is not enough to receive federal money to remain at home, when factories are closing daily and west German taxpayers are resentful about the level of subsidies for the east.

"The politicians keep telling us about how much they are spending on the unemployed in the east," said Mrs Geer. "But don't they understand that paying us to stay at home cannot compensate for our sudden loss of dignity and status. If any party can come up with a plan to create jobs, I'll give it my vote."

Princess Anne tells Michael Cassell why giving is important

Courting corporations

is always an inclination to set up another fund. As it is, there is enough money locked up and untouchable in charitable trusts, never mind the new ones appearing all the time."

The princess scoffs at this week's findings by an international study suggesting that the proportion of Britons giving to charity is among the highest of any country but that the individual amounts are stingy.

"The Spanish emerge as the biggest contributors but that's because of their lottery, a fairly dubious definition of charitable giving."

But isn't it shameful that an organisation which last year stretched its £100m aid budget across 50 countries had to earmark £15m of it for the UK? "In any kind of welfare system there are still going to be gaps. You have to draw boundaries around state help; there are problems enough already."

"There will always be elements of our community more at risk than others and areas which confront discrimination and need help. Look at gypsies and the families of pris-

oners." So has any progress really been made, or does the world stagger from one disaster to the next, learning nothing. "There have been big, incremental improvements. The point of the exercise is that, when aid workers move on, people have acquired the skills to look after themselves. But helping people to help themselves is very hard work."

The quality of help, she insists, is now high. "Today, if you are not careful, standards in the camps are higher than in surrounding areas. That can cause big problems."

In recognising the uphill struggle to get companies and individuals to play their part in "championing children" around the world, she quotes Eglantyne Jebb, the forgotten founder of Save the Children: "The world is not ungenerous but unimaginative and very busy."

The princess sees Jebb as an "unsung heroine" whose anger at the plight of children laid the foundations for the UN Convention on the Rights of the Child. She says the woman deserves a place in the hall of fame alongside names like

Florence Nightingale and Elizabeth Fry. The princess's four-year-old English bull terrier is even named Eglantyne.

The Queen's daughter is used to being portrayed as ice cool, who does her bit for disadvantaged children but who is not the child-bugging, motherly type. She responds with characteristic directness: "I don't believe holding children is going to make much difference to their long-term happiness. Jebb didn't make a habit of it either."

She is not averse, however, to embracing a few more big British companies to help fund the organisation's work. Its corporate membership scheme, under which big players undertake to raise £100,000 a year for at least three years, still has room for others to join the likes of Tesco, British Airways and Unilever.

It may be a big commitment but as the princess points out, "some at least have found it a very useful weapon in resisting the countless letters which pour in asking for help". But she says it is as much



'Championing children'

about contributing ideas and making time and there can be big commercial benefits given an effective charity strategy.

So what would the old campaigner think of Save the Children 65 years after her death and of the job left unfinished? "I expect she would have been even more cross than she was in 1919. There is still so much to be done."

OBSERVER



Kong. What they wanted most of all was to buy a suit, but they never have the time. But what if the fight's delayed? Time enough for two suits presumably.

Whipped Belize

The Labour party's seven-week-old procedural war against Britain's Tory government at Westminster is turning ugly. Labour's refusal to "pair" with Tory MPs, the process whereby MPs of opposing parties agree to be absent during a vote, is being used by the Commons vote – a stricture to

which most are unaccustomed. As if this was not bad enough, one of the high spots in the MP's winter calendar – a fact-finding trip by the defence select committee, to the former British colony of Belize – has had to be cancelled. A case of the wrong type of guerrilla warfare?

Cheap skaters

Trafalgar House's chairman seems to be getting cheaper by the day. The latest accounts show that Sir Nigel Brookes got paid £35,000 for less than three weeks work, while Alan Clements received £25,000 for warning the chair for seven months before Simon Keswick turned up. Keswick's remuneration works out at less than £200 per day compared with £300 per day for Clements and £184.10 a day for Sir Nigel's final few days in office.

Spies right

The refuseniks at GCHQ – the UK government's intelligence monitoring station at Cheltenham, where trade unions were banned 10 years ago – were started to hear Rupert Allason, Conservative MP for Torbay, explain in a parliamentary debate why the union ban was imposed. Allason blamed it on lack of cover in December 1981. When martial law was imposed by General

Uncovered again

Meanwhile, fresh intelligence from normally reliable sources about Paul Lever, who has replaced Pauline Neville-Jones as chairman of the joint intelligence committee, which keeps the top brass briefed on what Britain's spies are up to. When Lever and Neville-Jones worked in the European Commission – they were both *chefs de cabinet* to Sir Christopher Tugendhat – they were assigned code names to ensure secure communication with Whitehall. The code names were taken from the long running radio comedy show, Round the Horne. Lever was Gruntfuttock and Neville-Jones (wait for it) was Molestrangler...

Henderson's new leisure

So Sir Denis Henderson, 11th and last chairman of the old Imperial Chemical Industries, has a new job to while away his retirement in April next year. The chairmanship of the Rank Organisation is not, perhaps, the most obvious choice. On the one hand, Rank is the classic purveyor of entertainment for the masses: Butlins, bingo, Odeon cinemas and fruit machines. ICI's only real point of contact with the consumer is Dulux paint.

On the other, Rank as a whole is by common consent an ungainly sprawl. Besides hotels, casinos and the rest of its leisure empire, it takes in a fair share of Rank Xerox and some £600m of specialised sales to the film and TV industries. Sir Denis is the man who decided that ICI – a tightly focused business by Rank's standards – was too diffuse, and last year broke it up into two companies. What will he make of Rank? And indeed, as a pugacious Aberdonian, what will he make of Michael Gifford, Rank's equally pugacious Australian chief executive?

The appointment raises a broader question. ICI is a highly knit culture, and Sir Denis is typical in having spent his entire working life with the company. His immediate predecessor, Sir John Harvey-Jones, is a mixed

advertisement for the effectiveness of ICI Man in the wider world. On the one hand, Sir John on his retirement lectured the nation on how to run things. On the other, his own choice of directorships proved patchy, taking in as it did the now bust recruitment group Burns Anderson and the struggling aircraft leasing giant GPA.

But ICI has in fact quite a prominent record in providing bosses for the nation. It is 30 years since Lord Bessing – an ICI director – took the axe to Britain's railways. The present chairman of Lloyds Bank, BICC and British Airways are all ex-ICI directors. Previous ICI chairmen went on to run Dunlop, Blue Circle and British Home Stores. In their time, other ex-ICI directors have run British Steel, British Coal, Rolls-Royce and Tate & Lyle. Not all these companies have prospered; but that, of course, is another story.

Stitched up

First it was the in-flight casino; now it's the on-board tailor. From next month passengers on Richard Branson's Virgin Atlantic airline to Hong Kong will be able to order the multi-high suit. The customers will be measured on board. The details will be faxed from the aircraft to a Hong Kong factory, which will make up the suit during the visit. Business travellers spend only three days on average in Hong

News Corporation links up with local group to win commercial licence

Murdoch invests in Polish TV

By Christopher Bobinski in Warsaw and Raymond Snoddy in London

Mr Rupert Murdoch's News Corporation has made its first big breakthrough in commercial television in Eastern Europe as a member of a consortium that has won the licence for Poland's first commercial channel.

The licence for the new national channel was awarded yesterday to Polsat, a Polish owned satellite television company which has been broadcasting into Poland from Holland.

Mr Murdoch, who has been trying to expand his television interests all over the world, is believed to have taken a 33 per cent stake in the new Polish con-

sortium - the maximum allowed for foreigners under Polish regulations.

The 33 per cent limit on foreign investment suggests that the foreign input would be valued at around \$3m. The initial outlays for the channel are expected to be between \$50m and \$100m, while the Polish market's total television advertising revenues are presently estimated at \$130m a year.

The decision to award the 10-year licence for the conventional national channel was taken unanimously yesterday by the Radio and Television Council, the broadcast media regulatory body.

Polsat fought off competition from mixed Polish and foreign groups which included Bertels-

mann, Time Warner and CLT, the Luxembourg based broadcaster.

Mr Murdoch's previous moves into Eastern Europe have involved newspaper investment, in particular the ill-fated joint venture to publish Super, a tabloid aimed at the former East Germany.

It is not yet clear what role News Corp will play in the new Polish channel, although the company holds considerable film and television rights through Twentieth Century Fox studios and Fox Television, the US network.

The Polish broadcasting council also indicated yesterday that an application for regional broadcast licences from Canal Plus, the

French pay television channel operator, would be favourably considered. Canal Plus had applied for the national licence.

Mr Piotr Nurowski, a senior Polsat executive, said yesterday that his company planned to increase its 250bn zlotys (\$11.5m) capital to 1,000bn zlotys through private placements among domestic investors.

Polish state television, which broadcasts on two national channels, also carries advertising. The exact terms of the licence have yet to be negotiated between the council and Polsat, and the broadcaster's plans to link with Mr Murdoch might yet be blocked. Polsat had earlier declared that it wanted to keep the channel in Polish hands.

Reno's deputy quits after clash of 'management style'

By Jurek Martin in Washington

The Clinton administration's acute personnel problems were compounded yesterday by the abrupt resignation of Mr Philip Heymann, number two at the US Justice Department.

Mr Heymann, appearing alongside Ms Janet Reno, the attorney general, at a weekly press conference, cited differences in "operating and management style" with his boss. Both insisted there were no philosophical or political disagreements but that the personal chemistry, in Mr Heymann's words, "was not right."

His departure is certain to reflect badly not only on the White House but also on Ms Reno, the former Miami state prosecutor and President Bill Clinton's third choice as attorney general after two earlier candi-

dates had withdrawn because of irregularities.

The deputy attorney general, a veteran of the Justice Department in Democratic administrations over the last 30 years, a former member of the Watergate prosecution team and a Harvard law professor, had been considered the experienced but over-worked rock in a department headed by an attorney general with no previous federal record and with many of its senior positions still unfilled.

Mr Heymann said he had told the White House of his intention to resign on Wednesday night, but had settled the matter with Ms Reno the week before.

The Justice Department also announced yesterday the resignation of Ms Lula Rodriguez, brought by Ms Reno to Washington to work in her private office.

Ms Rodriguez is under investigation in a Miami vote fraud case. Ms Reno took the country by storm with her blunt acceptance of responsibility for the violent end last spring of the siege in Waco, Texas, of the Branch Davidian religious cult.

Though still very popular outside Washington for her forthright views on social issues, she has come under growing pressure in the capital for alleged administrative shortcomings and for failing to mobilise her department on a variety of issues, including the Waco report and investigations into the Whitewater affair, involving Mr and Mrs Clintons Arkansas business dealings.

However, she has been hampered by White House indecision on appointments, with three of the department's six top divisions still without heads.

Turkey tightens monetary policy

By John Murray-Brown

Turkey yesterday announced measures to bolster faltering confidence in the lira in the wake of an 11.97 per cent devaluation of the currency.

The changes, announced by the central bank governor, Mr Bulent Gultekin, represent a tightening in monetary policy. The move is likely to create further upward pressure on interest rates, as banking authorities seek to soak up the lira liquidity to support the currency. Turkey's leading retail banks yesterday introduced new rates, with one-year deposits now earning around 88 per cent. Overnight rates have been pushed as high as 180 per cent in the wake of the currency crisis.

Under the reforms, the central bank redefines its reserve requirement to reflect a bank's total liabilities, not just the volume of time deposits as before. The measures, which appeared to have slowed the fall of the lira yesterday, were broadly welcomed by Turkish bankers. However, they penalise wholesale non-deposit banks, particularly foreign banks.

The moves aim to restore currency stability around the central bank's newly announced rate of 17.250 to the dollar. The changes will add considerably to the costs to banks of raising funds, but they will help the government finance the budget deficit as banks move to meet the new reserve requirement.

After hectic trading yesterday, the Istanbul stock exchange closed at 19,513.6, down 7.6 per cent in lira terms. In dollars terms the market has lost close to 35 per cent since the run on the lira started 13 days ago. There was reported heavy selling of most bank shares.

Mrs Taner Ciller, the prime minister, said the measures were "in line with the rules of the free market".

Row erupts over Bosnia

Continued from Page 1

for Bosnia. "One could not let this sort of unfriendly statement [by Mr McCurry] go without comment," a French official said. "They [the State Department] fired first, and we had to respond," she said.

But France would "not take No for an answer from Washington", the official said, because of "the absolute necessity of a unified and coherent approach from the international community".

German Chancellor Helmut Kohl yesterday backed the US position, saying armed intervention would commit hundreds of thousands of soldiers without necessarily establishing peace.

French officials in Brussels were last night meeting their British and German counterparts, and will today hold discussions with all EU partners to try to find "either new proposals or a new method" for the stalled Geneva peace talks.

Senate urges Clinton to lift Vietnam trade ban

By George Graham in Washington

The US took a big step towards closer relations with Vietnam yesterday when the Senate voted to urge President Bill Clinton to lift the US trade embargo that has been in place since the fall of Saigon in 1975.

Led by a group of senators from both parties who served in the Vietnam war, the Senate adopted by 62 to 38 a resolution that is expected to provide Mr Clinton with the political support necessary for an early move to lift the embargo.

Both the State Department's senior Asia experts and the military commanders in charge of the search for the remains of US servicemen listed as missing in action have recommended lifting the embargo, but such a move remains anathema to many organisations representing veterans and the families of MIAs.

The US has been edging towards more normal relations with Vietnam along the lines of a roadmap sketched out by former president George Bush, which linked US diplomatic and economic concessions to the restoration of a democratic government in neighbouring Cambodia and co-operation in accounting for over 2,000 MIAs whose ultimate fate is not known for certain.

Mr Clinton last year ended US opposition to lending by the International Monetary Fund and the World Bank, and US businesses have since then been chafing at their exclusion from what many see as a promising economic opportunity.

Senator John Kerry, the Massachusetts Democrat and decorated Vietnam veteran, said the vote was "not a test of patriotism" but a judgment on how best to achieve further progress in accounting for MIAs.

THE LEX COLUMN

Granada's media hype

FT-SE index: 3427.3 (-8.8)

Marks and Spencer

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

Stopping the clock in takeover bids may drag the process out, but at least it allows more time for knockabout exchanges. Yesterday's missive from Granada was good value in that respect. There were some eye-popping numbers: Granada's bid values LWT at a Japanese-style 35 times its annual cash flow, and rates it at a 42 per cent premium to the FT-SE-A All-Share index, itself scarcely undervalued. There was also some entertaining rhetoric which, incidentally, reinforced the point that much of the re-rating of media companies has already happened. Indeed, shareholders may be beginning to wonder whether Granada's offer more than reflects the sector's prospects.

It may be that Granada has little option but to participate in the current consolidation if it wishes to remain a large shark in the shrinking ITV pool. But that does not guarantee good long-term returns for shareholders. The debate over advertising sales has shown that ITV companies are currently little more than a moderately predictable cash flow over the next nine years with a reasonable certainty of renewal for a further decade. On that basis, the current bids look expensive. Unless the new larger companies can use their channel 3 licences as a platform for wider ambitions, the bids may come back to haunt chairmen in future annual general meetings.

Stretched valuations are not the only nail in LWT's coffin. Granada is likely to be able to meet any Office of Fair Trading objections on advertising sales. LWT's prospects of finding a white knight able to match Granada's offer seem to be evaporating. That leaves LWT with a very difficult proposition to sell. Given that Granada is in such a strong position, it was thus a touch disappointing that in the pursuit of good sport the predator found it necessary to cast innuendo on LWT's profits forecast.

France

The newly independent Bank of France scores high marks for presentation. Choosing a 1994 money supply target close to the 4 to 6 per cent range established by the Bundesbank would have seemed hardly after last year's massive undershoot and the prospect of slow expansion again this year. Establishing a medium-term target around what is coincidentally the central point of the Bundesbank's present range keeps intact the theory

of convergence. That is in itself an indication that the Bank of France does not intend to stray far from the Bundesbank on interest rates.

The trouble with medium-term targets is that, while they prevent policy being unnecessarily influenced by short-term distortions, they also give the authorities the effective freedom to make decisions on the hoof. Since the shift of funds out of money market deposits will again make comparison of this year's M3 growth with the target meaningless, the Bank has to rely on other signals.

One indicator which it is emphasising, the exchange rate, again underscores an attachment to Germany. The other, growth of total indebtedness in the economy, will provide an additional excuse for caution in cutting interest rates. That will not help exporters who are struggling to compete in European markets where currencies have been devalued. Nor will it create a propitious climate for the remaining privatisation programme.

Marks and Spencer

Marks and Spencer has again been hoist by its own reticence. Yesterday's two-paragraph trading statement came earlier than the stock market expected but was typically terse. Without hard figures to go on, investors chose to assume the worst. That could be a mistake. Careful reading suggests that decent trading over Christmas at least made up for a poor November. If the cash cost of the post-Christmas sale was similar to last year, and volumes have gone up, gross margin should actually have improved.

After yesterday's 3.5 per cent fall,

though, the shares stand at their lowest rating relative to the market for some years. In part, that reflects the de-rating of the sector as retailers have lost the benefits of inflation and high street property has lost its attractions. Nor are Marks' defensive qualities the height of fashion while recovery stocks are available elsewhere. That said, the margin erosion revealed by Burton yesterday is a reminder that not all retailing recovery stories will have the anticipated happy ending. If budget tax increases take the edge off consumer spending through the summer, Marks' unbroken record of earnings growth will start to count for more.

British Gas

After the raging storm that was Sir James McKinnon, Ms Claire Spottiswoode's still, small voice of calm comes as quite a shock. The new gas watchdog has agreed with the Monopolies and Mergers Commission that British Gas's price cap should be loosened a notch. Given that Ms Spottiswoode would have been exposed to judicial review had she overturned a conclusion which the MMC took a year to reach, it should be no surprise. Still, such sweet reason must come as a relief to British Gas. Equally, the abolition of the price cap in the newly competitive market will help the company fight cherry picking. Yet while the fillip is useful, it hardly transforms Gas's prospects. Pressure will remain on the domestic gas business. And the shares' 5.2 per cent yield reflects the risk that the company may struggle to sustain dividend increases above the rate of inflation.

Rank Organisation

ICI shares have under-performed the market by just over 30 per cent since Sir Denis Henderson became chairman in April 1987. Perhaps he will do better by the Rank Organisation which has almost level-pegged the index in the same period, despite what many see as the misguided purchase of Mecca. A first step could be to sell the group's minority stake in Rank Xerox back to its parent. But that is not a new idea and there are tax obstacles aplenty in the way, not to mention the question of whether Xerox can afford the deal. The bigger strategic test will be to make sense of Rank's hotchpotch of managed businesses, ranging from video-duplication to holiday camps.

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FT WEATHER GUIDE

Europe today

The divergence between high pressure north-west of Spain and low pressure over Scandinavia will maintain a strong north-westerly flow. Cold and unstable air will spread over western and central Europe. The Benelux will have frequent wintry showers with gale to strong gale north-westerly winds. Unsettled and windy conditions will also occur in Denmark, Germany, Poland and the Czech Republic. The British Isles will start off with wintry showers which will begin to clear by the afternoon. Western France will have sunny spells and there will be plenty of sun in southern Spain and Portugal. The Alps will have snow, especially in northern and western parts. South of the Alps, it will be dry and mainly sunny. Greece and western Turkey will have rain.

Five-day forecast

The north-westerly flow will progress right onto the continent. As a result, changeable conditions will occur in eastern and south-eastern Europe with steadily falling temperatures. The British Isles, southern Scandinavia and the Benelux will continue unsettled and windy. South-west Europe will stay settled with abundant sunshine owing to the Azores high pressure system.

TODAY'S TEMPERATURES

Location	Max	Min	Weather
Abu Dhabi	30	23	cloudy
Accra	27	23	showers
Algiers	18	13	cloudy
Amsterdam	11	5	rain
Athens	11	5	showers
B. Aires	31	21	cloudy
B. Am	18	13	rain
Bangkok	32	24	cloudy
Batavia	18	13	rain
Beijing	1	-4	cloudy
Bombay	27	21	showers
Buenos Aires	18	13	cloudy
Calcutta	27	21	showers
Cairo	27	21	showers
Cardiff	10	5	cloudy
Chicago	10	5	cloudy
Cologne	10	5	cloudy
Dakar	27	21	showers
Dallas	10	5	cloudy
Delhi	10	5	cloudy
Dubai	27	21	showers
Dublin	10	5	cloudy
Edinburgh	10	5	cloudy
Faro	10	5	cloudy
Frankfurt	10	5	cloudy
Gatwick	10	5	cloudy
Glasgow	10	5	cloudy
Hamburg	10	5	cloudy
Heidelberg	10	5	cloudy
Hong Kong	27	21	showers
Honolulu	27	21	showers
Istanbul	10	5	cloudy
Jersey	10	5	cloudy
Karachi	27	21	showers
Khartoum	27	21	showers
Kuala Lumpur	27	21	showers
Las Palmas	27	21	showers
Lima	27	21	showers
Lisbon	27	21	showers
London	10	5	cloudy
Luxembourg	10	5	cloudy
Lyon	10	5	cloudy
Madrid	10	5	cloudy
Majorca	10	5	cloudy
Manila	27	21	showers
Maracaibo	27	21	showers
Melbourne	27	21	showers
Mexico City	27	21	showers
Miami	27	21	showers
Montreal	27	21	showers
Moscow	27	21	showers
Munich	27	21	showers
Nairobi	27	21	showers
Nagasaki	27	21	showers
Nassau	27	21	showers
New York	27	21	showers
Nice	27	21	showers
Nicosia	27	21	showers
Oslo	27	21	showers
Paris	27	21	showers
Perth	27	21	showers
Prague	27	21	showers
Rangoon	27	21	showers
Reykjavik	27	21	showers
Rio	27	21	showers
Riyadh	27	21	showers
Rome	27	21	showers
S. Francisco	27	21	showers
Seoul	27	21	showers
Singapore	27	21	showers
Stockholm	27	21	showers
Strasbourg	27	21	showers
Sydney	27	21	showers
Taipei	27	21	showers
Tokyo	27	21	showers
Toronto	27	21	showers
Tunis	27	21	showers
Vancouver	27	21	showers
Venice	27	21	showers
Vienna	27	21	showers
Warsaw	27	21	showers
Washington	27	21	showers
Wellington	27	21	showers
Winnipeg	27	21	showers
Zurich	27	21	showers

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INTERNATIONAL COMPANIES AND FINANCE

Trading in Banesto shares to resume next Tuesday

By Tom Burns in Madrid

Spain's Stock Exchange Commission said yesterday that trading in Banesto, the banking group in which the authorities intervened to impose a new management at the end of last month, would be resumed on Tuesday next week.

The decision could indicate that the Bank of Spain and the leading domestic banks were near agreement on a rescue plan for the troubled group.

The chairman of the top five banks are due to meet the governor of the Bank of Spain and Banesto's acting president today - the second such meeting in the space of four days - and details of Banesto's salvage are likely to be officially disclosed on Monday.

The commission said it made its decision after being informed by Banesto that its

gross financing needs were Ptas605bn (\$4.27bn) and that, as part of the plan to recapitalise the group, the par value of Banesto's shares would be reduced from a present Ptas750 to "less than" Ptas500.

The rescue plan for Banesto being discussed calls for a capital increase of not more than Ptas200bn to be underwritten by the leading domestic banks and held on their behalf by the Deposit Guarantee Fund, the official agency charged with salvaging bankrupt banks.

Banesto is thought to have told the commission that the domestic financial sector, comprising both the private banks and the Bank of Spain, would also provide Ptas285bn to acquire Banesto's non-performing loans and that Banesto would set aside all its reserves to provisions.

But there is disagreement over the final figure of the cap-

ital injection, and over the burden that will be placed on Banesto's existing shareholders through a reduction in the nominal price of their shares.

Some banks are understood to be pressing Banesto to cut its share capital drastically, lowering the par value of its shares to Ptas350 or less.

Banesto's shareholders include leading US institutions, grouped together in the Corsair Fund, a portfolio created by US bank J.P. Morgan, which in a Banesto rights issue in May last year invested \$175m to acquire some 8 per cent of the bank's stock paying Ptas1,900 per Banesto share.

Banesto shares were priced at Ptas1,995 when their trading was suspended on December 28.

On Tuesday Banesto's shares will be allowed to fall freely during their first trading day, the Commission said.

MG Corp damage limited by metals group

By David Waller in Frankfurt

Metallgesellschaft, the troubled German metals and engineering group, said yesterday that it was having more success than it had anticipated in limiting the damage caused by the speculative deals entered into by MG Corp, the company's New York-based commodity trading subsidiary.

Metallgesellschaft said the losses from MG Corp's ventures in the US oil derivatives markets had stabilised at the levels indicated earlier this month.

MG Corp's risky ventures in the oil futures markets account for the bulk of the DM3.3bn (\$1.5bn) of past and potential losses which drove the metals, mining and industrial conglomerate to the brink of bankruptcy. MG Corp caused a loss of DM800m in the year to last September and is set to lose a further DM1.5bn this financial year as it unwinds its positions.

The losses, believed to be the biggest suffered by a company as a result of derivatives trading, arose because of a timing mismatch between MG Corp's commitment to supply oil to customers in the future and the hedging strategies used to protect the forward position.

While MG Corp contracted to deliver 170m barrels of oil at up to five years into the future, it had attempted to cover its position by buying short-term futures contracts. "The timing difference killed them when the oil price fell," said one banker.

When the oil price fell MG Corp was obliged to meet margin calls - large cash payments - with the New York Mercantile Exchange in respect of its short-term contracts. But it is understood that MG Corp did not require its own customers to make margin calls, thereby exacerbating its cash flow crisis.

Mr Kajo Neukirchen, chief executive of Metallgesellschaft, is formulating a strategy for the group's future. Full details are to be revealed on February 22.

BMW sees further improvement

By Christopher Parkes in Frankfurt

BMW, the luxury car, motorcycle and aero-engine maker, yesterday forecast an improved performance this year after making a clear profit in 1993.

The group, which has already said it will not match 1992's earnings of DM726m, blamed exchange rate losses and a 9.2 per cent drop in new car registrations for the 7.5 per cent fall in turn-

over to DM28.9bn (\$16.5bn). Boasting in a letter to shareholders that it was the only German vehicle maker to get through last year without short-time working and to make a profit into the bargain, it said it did not expect a last-year improvement in the world car market this year.

Car production fell 11 per cent last year to 333,000 units, compared with a 23 per cent slump in the German industry's total output. West European BMW registrations fell 15

per cent to 375,000 due mainly to a 17 per cent decline in Germany.

Even so, the group sold more than 300,000 vehicles in its home market and won market share, especially for its top price models, the letter said. There was some compensation in the US, where the marque became the best-selling European brand for the first time with a 19 per cent rise in sales to 78,000 units.

While Japanese registrations fell 10 per cent to 25,800, deliv-

eries in other south-east Asian markets rose 30 per cent to 18,000 units.

Forecasts for the current year were based on the prospect of only slightly improved global economic conditions. The US recovery was expected to continue, and a slight upswing was predicted for Europe and Japan.

German demand would be dampened by falling real incomes, and exports would feel the effects of the continuing high value of the D-Mark.

Bosch turnover suffers downturn

By Christopher Parkes

Robert Bosch, the electronics and vehicle parts maker, made a net profit last year despite operating losses and the first fall in turnover in 26 years.

The private concern, which earned DM512m on sales of DM34.4bn in 1993, said yesterday that turnover declined 6 per cent to DM32.3bn (\$15.5bn). All business sectors were affected, it added.

No earnings details were given for 1993, but the positive result was mainly attributable to noticeably improved results from foreign business and a tax credit associated with last year's capital increase from

DM1.2bn to DM1.5bn, the company said.

Bosch, one of the stricken German automotive industry's biggest suppliers, said that while foreign sales remained virtually unchanged at DM18bn, domestic turnover fell 11 per cent to DM16.3bn.

Despite continuing unsatisfactory market conditions, it was cautiously optimistic that sales would rise this year. However, an important precondition for positive progress was a pay settlement which helped cut German manufacturing's considerable cost disadvantages.

Pay negotiations with the IG Metall union, which has threat-

ened to start warning strikes next week, appeared to be deadlocked yesterday.

Two thirds of last year's 13,000 job cuts were made in Germany, and reductions in bonuses, benefits and other extra payments saved some DM250m. Further economies came from a cut of DM400m to DM1.6bn in capital expenditure, while spending on research and development was unchanged at DM2.3bn.

In common with other companies heavily dependent on the automotive industry, Bosch is working to extend its manufacturing and distribution networks into developing foreign markets.

Mixed returns from UK retailers

By Neil Buckley in London

The volatile recovery in consumer spending was highlighted yesterday by disappointing sales figures from Burton, UK fashion group and a lacklustre statement from Marks and Spencer, UK clothing and food retailer.

The statements contrasted sharply with Wednesday's

news from Next, UK fashion retailer and MFI, the UK furniture group, that recent sales were improving. Analysts rewrote full-year profits forecasts. Burton was downgraded to 210m-230m (\$90m-95m) from about 260m, and MFI lifted from about 250m to about 270m. M&S was unchanged at 280m-285m.

Sir John Hoskyns, Burton

chairman, said sales for the first 21 weeks of the financial year, to January 22, were no better than last year. Sales were 5 per cent up at Debenhams, but down 5 per cent in the multiple chains.

M&S said after a disappointing November, sales had recovered and the six weeks to January 1 had met expectations. Lex, Page 16

Rules on TV takeovers may be relaxed

By Raymond Snoddy in London

UK independent television companies now involved in takeovers believe the Office of Fair Trading is moving towards allowing one company to control up to 25 per cent of all UK television advertising.

The liberalisation would relax much narrower existing limits set at 25 per cent of ITV revenue. If the market was redefined as all television advertising, only a modest reorganisation would be needed.

Mr Michael Heseltine, the trade and industry secretary,

last week said it should be possible to avoid referring the Granada-LWT and Carlton Central takeover bids to the Monopolies and Mergers Commission. A Granada takeover of LWT would mean their combined sales would account for 40 per cent of ITV revenue. Lex, Page 16

Doubts over Thyssen recovery

By Ariane Genillard in Bonn

Thyssen, the German steel and engineering group, has reported weak domestic orders in the first quarter of its 1993-94 fiscal year, raising doubts about a recovery for the group this year.

Total orders in the three months to December 31 1993 fell 5 per cent, with European Union orders down 13 per cent. Orders for Thyssen Industrie, the capital goods division, dropped by 18 per cent, mainly reflecting poor market conditions in the car industry. The sharpest drop was in machin-

ery, which fell by 38 per cent.

The group did not disclose first-quarter results, but said turnover had improved 1.2 per cent over the same period the previous year, mostly due to foreign subsidiaries. Turnover in Thyssen Stahl, the steel division, was down 7 per cent and in Thyssen Industrie by 10 per cent.

Mr Heinz Kriwet, chief executive, said he did not expect significant improvements in 1994, mainly because of the continued slump in the car industry. "The German economy obviously has difficulties finding a way out of the recession," he said.

However, he foresaw a "slightly better" situation for machinery, with production rising by 2 per cent this year. Steel losses forced Thyssen into the red for the year ended September 30 1993. It returned a DM348m (\$163.7m) loss, after DM348m pre-tax profits the year before.

Without the steel division, the group would have recorded an operating profit of DM774m, Mr Kriwet said. Thyssen will omit a dividend for the second consecutive year.

Mr Kriwet explained that prospects for 1994 would continue to be marred by the situation at its steel division.

KLM in staff pension fund deal

By Ronald van de Krol in Amsterdam

KLM Royal Dutch Airlines has issued F155.6m (\$60m) worth of non-tradeable participation certificates to one of its staff pension funds, as part of a wider cost-saving deal agreed with its staff last year.

The KLM Flight Personnel Pension Fund yesterday agreed to buy 4.75m profit participation certificates for a price of F132.75 each, helping to bolster the airline's balance sheet.

The price per certificate is roughly equivalent to the level at which KLM's ordinary shares were trading when the deal with employees was struck in July. KLM's shares have since risen to around F146.00, in spite of the collapse

of merger talks with Swissair, Scandinavian Airlines System and Austrian Airlines.

The certificates give the pension fund the right to share in KLM's profit but they do not carry voting rights nor can they be traded.

KLM is planning to make a rights issue later this year. The government has already pledged its support.

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SAINT-GOBAIN

SAINT-GOBAIN IN 1993 NET INCOME OF 1.31 BILLION FRENCH FRANCS

Consolidated net income for the Saint-Gobain Group amounts to 1,310 million French Francs in 1993. Down by 45% when compared to 1992, it has been affected by the European economic crisis. It remains, however, positive, with a 3 billion French Francs reduction in indebtedness.

Based on current estimates presented to the Board of Directors on January 20th, 1994, the key consolidated figures are as follows:

IN MILLIONS OF FRENCH FRANCS	1993 estimates	1992
• Sales	71,550	71,007
• Operating income	4,350	6,111
• Financial charges, net	(1,570)	(2,108)
• Reorganisation and other costs	(2,120)	(861)
• Income before tax and before results of sales of non-current assets	1,750	3,250
• Results of sales of non-current assets	820	312
• Income taxes	(780)	(1,171)
• Net income before minority interests	1,390	2,391
• Net income	1,310	2,377
• Resources from operations (cash flow)	6,340	7,261
• Capital expenditure on plant and equipment	4,250	5,077
• Acquisition of investments	2,670	1,490
• Net indebtedness	15,100	18,085

Group sales are down by 3.4% and 3.1% on a comparable structure basis in French Francs.

In addition to drops in prices, which had already characterised last year, there was a notable decline in sales volumes in Europe in a number of the Group's business sectors. On the American continent, the recovery was confirmed from spring 1993, and benefited the Group's activities. Sales are split: France, domestic market 25%, exports from France 12%, other European countries 37%, countries outside Europe 26%.

Operating income is down by 23%, after slightly higher depreciation charges (1.8%), and overheads which are at a lower level. It represents 6.0% of sales, against 8.7% in 1992.

Income before tax and before results of sales of non-current assets is down by 2,090 million French Francs. Dividends from non-consolidated subsidiaries rose slightly (3.5%), while net interest expense fell by 276% and reorganisation and other charges have increased by 1,250 million French Francs, due to the importance of the restructuring measures which have been taken.

Results of sales of non-current assets show a large profit, mainly due to the capital gain recorded in the second half year on the disposal of the water meters activity.

The decrease in income taxes reflects the drop in pre-tax income, while minority interests have been significantly reduced by the losses in the Paper-Wall division.

Net income amounts to 1,310 million French Francs and excluding the net results of sales of non-current assets, to 680 million French Francs.

Earnings per share (based on the number of shares issued at December 31, 1993 (72,500,807 shares)) are FF 18 against FF 31 at December 31, 1992 (60,003,279 shares).

Cash flow is down by 19.5%. It represents 8.8% of sales and largely covers capital expenditure, which fell by 827 million French Francs.

The Group's net indebtedness fell again by 2,985 million French Francs, after a fall of 2,577 million French Francs last year. It should reach 10% of shareholders' equity against 46% at the end of 1992.

With the exception of Building Materials, which has significant operations in the Americas, and Pipe, that benefitted from the capital gain recorded on the sale of the water meters' activity, all the Divisions' results are down. The other divisions' profits are all in decline. The losses in the Paper-Wall and Fibre Reinforcement divisions worsened.

France and other European countries show lower results. Those of the non-European countries improved slightly.

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INTERNATIONAL COMPANIES AND FINANCE

Dow Chemical optimistic as deficit is cut to \$48m

By Richard Tomkins
in New York

Dow Chemical, the US chemicals group, yesterday reported net losses of \$48m for its fourth quarter because of heavy provisions for litigation against Dow Corning, the biggest US manufacturer of breast implants, in which it holds a 50 per cent stake.

However, the deficit marked a sharp improvement from the net losses of \$250m in the previous year's fourth quarter, and the figures were accompanied by an upbeat statement about the outlook from Mr Frank Popoff, chairman and chief executive.

"We expect earnings to improve because of the compa-

ny's on-going efforts to enhance productivity and as a result of recovering world economies and improved industry fundamentals," Mr Popoff said.

Dow has been suffering from poor cyclical demand for its products, particularly from Europe. Volume was flat in the fourth quarter, but sales were 5 per cent lower at \$4.5bn because prices fell.

Fourth-quarter earnings benefited from a \$90m pre-tax gain on investments, but this was heavily outweighed by a \$192m after-tax provision for litigation against Dow Corning over leaking implants. The result translated into losses per share of 18 cents, compared with losses of 92 cents last time.

However, Dow said that excluding both unusual items from the latest figures, and a \$433m charge against the previous year's fourth-quarter pre-tax profits, the group would have reported earnings per share of 30 cents, against 10 cents a share last time.

For the full year, Dow reported a 5 per cent drop in sales to \$18.1bn because of a 4 per cent fall in prices and a 1 per cent fall in volumes.

Net income was \$637m, compared with net losses of \$496m last time, and earnings per share were \$2.33, against net losses of \$1.83. But Dow said that if unusual items were stripped out, earnings per share would have been flat at \$2.02, compared with \$2.01.

Flotation planned for Armco Steel

By Richard Waters
in New York

Armco and Kawasaki Steel, the US and Japanese steel companies, are planning to float their US joint venture, Armco Steel, as part of a \$590m recapitalisation of the heavily indebted company.

The transaction will in effect wipe out the two companies' existing equity interest in the joint venture, which produces flat-rolled steel for the auto, appliance and construction industries.

The financing is among the latest of a series of recapitalisations by steel producers in recent months. Companies have taken advantage of an upturn in their shares to return to the public markets.

It also marks a decision by Armco and Kawasaki not to commit further capital to their joint venture, which has racked up losses of more than \$800m since the beginning of 1990. The company returned to profit in the third quarter of last year.

The two partners plan to raise \$315m of new equity for Armco Steel to pay off much of its existing debt and reduce its pension fund deficit.

According to a filing in the US, the flotation will involve 15.75m shares at around \$20 each, equivalent to more than 75 per cent of the company's equity after recapitalisation.

In addition, Kawasaki will exchange \$100m of subordinated debt owed by Armco Steel for 5m shares in the newly capitalised company, giving it a 24 per cent stake.

The current equity in the company will be all but extinguished in the transaction, reducing Armco's existing 50 per cent interest to less than 1 per cent.

Armco Steel also plans to raise \$275m of new long-term debt, leaving it with \$412m of long-term debt after the recapitalisation has been completed.

Income surges at Cummins as truck sector strengthens

By Frank McGurty
in New York

Cummins, the US diesel engine manufacturer, capitalised on the improving North American market for heavy-duty trucks by nearly doubling its profit in the fourth quarter.

The Indiana-based company yesterday revealed net income of \$47.1m, or \$1.28 a share, for the final three months of last year.

The result compares with net income of \$24m, or 63 cents, in the corresponding period of 1992. In both quarters, the company took a \$5.5m charge for the early retirement of debt.

For the full year, Cummins posted net earnings of \$177.1m, or \$4.79 a share, reversing a

growth in revenues, which climbed about 10 per cent to \$1.12bn, against \$1.02bn a year earlier.

The North American truck industry has completed a banner year in which output jumped by 33 per cent, a rise that filled Cummins's order book to near capacity.

This saw improved efficiency and higher productivity during a year in which the company held its position as the market's leading supplier, with a 35 per cent share.

Sales of power-generation equipment, the company's second-largest business, and mid-range engines were buoyant.

For the full year, Cummins posted net earnings of \$177.1m, or \$4.79 a share, reversing a

net loss of \$189.5m, or \$6.01, in 1992.

Last year's result, however, included one-time charges of \$256.6m for the adoption of new accounting standards and other costs.

On an operating basis, 1993 earnings were \$182.6m, against \$67.1m in the previous 12 months.

Annual sales of \$4.2bn were a 14 per cent improvement over 1992 revenues of \$3.7bn.

International sales, as a percentage of the total, slipped by 2 points to 44 per cent, largely because of sluggish conditions in Mexico and most of Europe, with the exception of the UK.

By contrast, sales in the Asia Pacific region were well ahead of 1992 levels.

BCE falls into loss after one-off charges

By Robert Gibbens
in Montreal

BCE, the Canadian telecommunications group, suffered a fourth-quarter loss of C\$533m (US\$406m), or C\$1.73 per common share.

This compared with profit of C\$505m, or C\$1.65, a year earlier, on revenues of C\$5.6bn, little changed.

The loss, which had been expected, reflected heavy one-off charges, including the company's share of write-downs at its Northern Telecom subsidiary.

For the full year, BCE recorded a loss of C\$750m, or C\$2.44, against a profit of C\$1.29bn, or C\$4.21, a year earlier.

Revenues were C\$19.8bn, up slightly.

For the year, BCE also took heavy losses on discontinued operations, including two property units and the sale of Montreal Trustco.

The contribution of BCE's main business unit, 100 per cent-owned Bell Canada, was lower for the year because of the recession.

Profits at Bell Canada dropped to C\$5m, or 5 cents a share, after special items in the fourth quarter of 1993, from C\$92m or 83 cents a year earlier, on revenues of C\$1.23bn, little changed.

For the full year, final profit was C\$18m, or 16 cents a share, against C\$80m, or 72 cents, on revenues of C\$4.7bn, against C\$4.5bn.

The company has brought its Caroline natural gas field into production in Alberta, and paid C\$240m for two downstream acquisitions.

The 1993 results were helped by higher gas prices, but these were largely offset by lower oil and sulphur prices.

Downstream margins improved and petrochemical products were higher. The company expects improvement in 1994.

UAL chief 'far from satisfied'

By Richard Tomkins

United Airlines, the biggest US carrier, yesterday reported a sharp reduction in fourth-quarter net losses to \$64m from \$234m, leaving net losses for the full year at \$50m, compared with \$957m last time.

One factor contributing to the improvement was the flight attendants' strike at one of its biggest rivals, American Airlines, last November.

United also benefited from the fall in oil prices, which reduced the cost of aviation fuel.

But like the other US airlines, United is continuing to suffer from competition on its domestic short-haul routes from low-cost competitors, such as Southwest Airlines.

Last month it negotiated a deal with its unions giving employees a majority stake



Stephen Wolf: results are 'unacceptable'

in United in connection for wage cuts and productivity improvements aimed at improving its competitiveness.

Mr Stephen Wolf, chairman and chief executive, said that

although the fourth-quarter and full-year figures showed a vast improvement over the previous year, United was "far from satisfied with what must be characterised as unacceptable results".

"Further, an analysis by market shows that on domestic short-haul routes, we continue to report our most severe losses due principally to the rapid expansion of low-cost carriers and the clear preference of consumers for low fares."

Fourth-quarter revenues rose by 14 per cent to \$3.6bn from \$3.2bn, and losses per share fell to \$3.02 from \$9.27.

For the year, revenues rose by 13 per cent to \$14.5bn from \$12.9bn and losses per share fell to \$3.40 from \$39.75, though the previous year's full-year figure included an after-tax charge of \$540m for accounting changes.

Procter advances 13% to \$653m

By Richard Tomkins

Procter & Gamble, the US consumer products group which last summer embarked on a plan to close 30 plants and shed 13,000 jobs, yesterday reported that strong sales growth at home and abroad had led to a 13 per cent increase in net income to \$653m for its second quarter.

The figures for the first half of its financial year were well ahead, with net earnings 12 per cent up at \$1.32bn excluding accounting changes and restructuring provisions on the 1993 figures.

Most of the costs of the reor-

ganisation were taken the previous year.

Mr Edwin Artzt, chairman and chief executive, said the group's US consumer business had continued to deliver strong volume gains, including record shipments in December.

The international operations had achieved double-digit volume growth in spite of difficult economic conditions in many markets, with Asia Pacific, Latin America and eastern Europe doing particularly well.

Mr Artzt said the US and international businesses had showed good earnings growth, "due in part to our restructur-

ing programme, which is just beginning to contribute to our earnings progress".

Sales in the quarter to December were slightly down to \$7.25bn from \$7.34bn.

However, Procter & Gamble said this reflected adverse shifts in dollar exchange rates. Without those shifts, sales would have been 3 per cent ahead.

Earnings per share for the quarter rose 14 per cent to 92 cents from 81 cents.

For the six months to December, turnover was 2.3 per cent down at \$15.35bn, but earnings per share were 12 per cent ahead at \$1.87.

Canadian airlines end dispute

By Robert Gibbens

Air Canada has called off its two-year fight with rival Canadian International Airlines, saying "it is time for both of us to move forward and focus on rebuilding our industry".

Air Canada said it was ending all litigation "that would preclude" PWA, Canadian's parent company, from concluding a C\$246m (US\$187m) deal with AMR, parent of American Airlines.

AMR had insisted Canadian withdraw from the Gemini ticket reservation system and join its own Sabre system as a condition of injecting C\$246m equity.

But Air Canada, a co-founder of Gemini with PWA, maintained Canadian Airlines was contracted as a Gemini shareholder until 1997. Air Canada would not add to the statement. But the industry said it meant the court battle over Canadian's membership in the Gemini reservation system was over.

At the same time, the federal government said it would soon announce arrangements for Air Canada to have access to Japan and Hong Kong - two destinations already served by Canadian.

Air Canada had failed to persuade the public that it should become the sole Canadian international carrier and Canadian Airlines should "concentrate on the domestic market", said Mr Stephen Garmaise, analyst with First Marathon Securities in Toronto.

"We'll continue to have two international carriers and Canadian may be ready to pay C\$10m to C\$20m to exit from Gemini."

PWA recently won renewal of C\$100m in government loan guarantees. A deal with Air Canada and the equity infusion would allow it to move ahead with a financial restructuring, with massive dilution facing existing stockholders.

VME Group back into the black with \$30m

By Andrew Baxter

VME Group, the Brussels-based construction equipment producer, clawed its way back into the black last year with net income of \$30m, compared with a net loss of \$93.3m in 1992.

The company, jointly owned by Volvo of Sweden and Clark Equipment of the US, said the turnaround reflected a group-wide restructuring programme,

together with the effects of the floating of the Swedish krone.

Net income last year included \$9.3m of gains from accounting changes relating to tax and pension benefits, while 1992 included a restructuring charge of \$18.7m.

The recovery came in spite of a 9 per cent decline in sales from \$1.36bn in 1992 to \$1.23bn last year.

VME said demand for construction equipment remained

weak in most European countries, but there were signs of recovery in the UK.

The important German market declined significantly from its exceptionally strong performance in 1992. Markets in North America, Latin America and the Far East excluding Japan also showed signs of recovery.

In the past three years VME has closed five plants, spun off five company-owned distribution entities and reduced

employment by almost 40 per cent, from about 10,400 to 6,400.

Mr Tuve Johansson, president and chief executive, said the market outlook for this year remained mixed, and no real improvement in Europe was expected until late in the year or in early 1995.

Clark Equipment this week reported fourth-quarter net profits of \$18.4m, or \$1.06, against a loss of \$2.78m, or 16 cents, a year earlier.

Low prices take toll on Kaiser

By Laurie Morse

Kaiser Aluminum, the US aluminum smelter and producer of aluminum products, suffered a fourth-quarter operating loss of \$62m, or \$1.42 a share. This compares with an operating gain of \$4.4m or 7 cents per share in the previous fourth quarter.

Sales for the quarter dipped to \$415.9m, from \$496m a year ago.

For the year, Kaiser recorded an operating loss of \$123.4m, or \$2.15, compared with operating income of \$89.9m, or \$1.57, in fiscal 1992.

Sales for the year were \$1.7bn, down from \$1.9bn a year ago.

Although Kaiser, like most other US aluminum producers, reduced plant capacity and engaged in other cost-cutting measures in 1993, low prices, created by worldwide oversupply, battered the company's results, said Mr George Haymaker, chairman.

Kaiser is 67-per cent owned by the Houston-based natural resources company, Maxxam. Although Maxxam's forest products division made \$12.9m profits in the fourth quarter, overall results were swamped by Kaiser's losses.

Maxxam reported a net fourth-quarter loss of \$63.4m, or \$6.71, on sales of \$503m, compared with a loss of \$10.3m, or \$1.09, on sales of \$576.5m a year ago.

3M shares hit by stagnant figures

By Laurie Morse
in Chicago

3M, the Minnesota-based diversified adhesive, magnetic tape and medical products manufacturer, marked time in the fourth quarter. The group reported income for the quarter of \$268m or \$1.33 per share, little changed from \$289m or \$1.33, a year ago.

Sales for the quarter were \$3.5bn, compared with \$3.4bn the year earlier.

The company said that while sales volume increased by 8 per cent in the quarter, selling prices dipped 3 per cent, with the strong US dollar affecting overseas sales. Currency fluctuations reduced income by an estimated \$22m, or 10 cents per share.

Sara Lee sets record

Sara Lee, the US food and household goods group, yesterday announced record sales

and earnings for the second quarter to January 1 1994, but said results for the third quarter would be below analyst estimates, agencies report.

Mr John Bryan, chairman, blamed softness in European hosiery and knit products operations and weaker-than-expected trends for US hosiery and knit products.

However, earnings for the full year are expected to rise to

record levels. Last year, earnings per share were \$1.40.

Net sales for the second quarter were \$4bn, against \$3.8bn last year, while net income for the quarter rose to \$236m from \$220m. Earnings per share increased to 45 cents from 44 cents a year ago.

For the half year, net income advanced 8 per cent to \$391m against \$362m before an accounting change in the first quarter of fiscal 1994.

Half-year sales were \$7.8bn, up 5 per cent.

For the full year, earnings from continuing operations were \$270m on sales of \$3.2bn, compared with earnings of \$305m and marginally higher sales a year earlier.

Total net earnings in 1993 were \$855m, including a \$645m gain on the sale of the aircraft business. In 1992, net earnings totalled \$815m, including a gain of \$374 on the sale of a variety of smaller operations.

General Dynamics shows improvement

By Frank McGurty

General Dynamics, the US defence contractor, revealed improved fourth-quarter operating earnings in spite of a sharp downturn in revenues.

Net income on continuing operations was \$64m, or \$2.02 a share, on sales of \$779m.

In the corresponding period of 1992, comparable net earnings were \$60m, or \$1.93 a

share, after stripping out a \$55m tax credit and an after-tax gain of \$14m on the sale of securities.

Earnings in the 1992 period were struck on sales of \$911m. This was about 13 per cent greater than the comparable 1993 figure.

Results for both periods exclude contributions by the company's space systems division, which General Dynamics

agreed last month to sell to Martin Marietta for \$208.5m in cash.

Mr James Mellor, president and chief executive, said the company's long-term outlook had improved.

"Our low debt and year-end cash balance of \$665m provide us with liquidity and financial capacity to build the value of General Dynamics going forward," Mr Mellor said.

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INTERNATIONAL COMPANIES AND FINANCE

Telefonica pre-tax profits rise 7%

By Tom Burns in Madrid

Telefonica, Spain's government-controlled telecommunications group, raised its parent company's 1993 pre-tax profits by 7 per cent to Ptas107.5bn (\$796m) and claimed it had improved the financial structure of its balance sheet in spite of slack demand last year.

However, extraordinary provision for taxes brought net profits down to Ptas41.7bn, a 1 per cent increase on its 1992 net result.

Telefonica, which is the most liquid stock on the Madrid exchange and is nearly 30 per cent owned by foreign institutions, earned considerable one-

off fiscal concessions in the run up to Barcelona's Olympic games in 1992.

The group's results, which will incorporate its profitable Telefonica Internacional division and are due in March, are expected to show a consolidated net profit rise of 8 per cent according to analysts' forecasts.

The parent company said revenue from telephone services had grown by 5.7 per cent to Ptas1.220bn, the lowest increase for several years. However, the fall in line usage had been compensated by the growth of new products such as mobile telephony and data transmission as well

as by raised service charges.

In spite of the lowered demand Telefonica strengthened its balance sheet by reducing its borrowing requirements by more than Ptas8bn during 1993 to bring its outstanding debt down by 5.3 per cent at the year-end and by adding Ptas43bn to capital and reserves, chiefly through the conversion last year of a 1988 \$200m Euro-market bond issue.

Costs increased by only 2 per cent, three points lower than inflation last year, due to expenditure control. Cash flow increased 5.2 per cent to Ptas490bn.

The sound balance sheet will

help Telefonica face the deregulation challenge in the years ahead by developing businesses and forging alliances. Telefonica signed an agreement with Unisource (which incorporates the Swedish, Swiss and Dutch national telephone companies) last month and it is examining projects in cable TV and multi-media.

Spain has been granted an extension to the deregulation of telecommunications in the EC in 1998. But five data transmission licences were awarded by the government last year and two mobile telephony licences, one of which will be for Telefonica, are due to be granted later this year.

San Miguel lifted by net capital gains

By Jose Galang in Manila

San Miguel, the Philippines' largest industrial enterprise, has reported unaudited consolidated net profits for 1993 of 3.9bn pesos (\$139m), an increase of 8 per cent over the previous year.

The amount included net capital gains from its sale of 50 per cent holdings in Magnolia Corp, its food subsidiary, to Nestle of Switzerland.

Excluding the non-recurring items, consolidated net income fell by 7 per cent to 3.4bn pesos, the company said.

Sales volumes improved by 2 per cent. Much of the rise came in the second half and offset first-half declines caused by soft markets owing to typhoons that hit the country.

Local sales of beer, San Miguel's main revenue centre, were at a plateau, although the company's international beer operations expanded into China and Indonesia.

San Miguel said it was earmarking 100n pesos this year for expansion and modernisation.

Chugai posts 16% advance to Y17bn

By Paul Abrahams in Tokyo

Chugai, one of Japan's fastest growing drugs groups, yesterday said its pre-tax profits had increased 16 per cent to Y17bn (\$157.4m) for the year to December 31.

The improvement, in spite of slack growth of the Japanese domestic market, was achieved on sales up 5 per cent to Y15bn. The group expects to report full details in February.

The profits growth was achieved through improved product mix, and in particular through increased sales of high-margin prescription products, said Chugai.

The company predicted it would increase its dividend for the year by Y1 to Y10 per share. Pre-tax profits would increase 6 per cent to Y18bn during 1994 on sales up 6 per cent to Y16bn, it said.

Although costs had risen, sales had increased faster, Chugai said.

CS First Boston in Tokyo said this was part of a wider trend of margin improvement

in the Japanese drugs sector. The introduction last year of rules limiting excessive promotion to doctors had reduced marketing costs, according to the broker. It predicted the leading 24 drugs groups would increase operating profits by 9.7 per cent a year over the next four years.

The drugs group said two products had done particularly well last year. Epogin, a treatment for anaemia licensed from Genetics Institute of the US, and Neutrogen, a drug used to increase levels of white blood cells in cancer patients receiving chemotherapy.

Mr John Wilson, pharmaceutical analyst at James Capel in Tokyo, estimated Epogin generated sales last year of Y28.4bn, while sales of Neutrogen were about Y17.7bn.

The group said sales of over-the-counter non-prescription products had fallen.

According to analysts, sales of Gerson, the tonic drink for fatigue, were likely to have fallen, while those of Alfamol, a vitamin product, had probably been flat.

Mitsui signs multi-media deal with NET

By Paul Abrahams

Mitsui, Japan's second-largest trading house, yesterday cemented another element in its multi-media ambitions when it signed an agreement with Network Equipment Technologies, the US telecommunications equipment manufacturer.

Last year, Mitsui's Adamnet subsidiary began building its multi-media expertise aimed at providing network services from installation to management. The deal allows Mitsui to become NET's sole agent in Japan for three years. The company will invest several million dollars in research and development to adapt the US technology for Japan.

NET is strong in local area network technology. The company is developing an expertise in asynchronous transfer mode, which allows for the rapid transmission of the text, audio and visuals necessary for multi-media communications.

Mitsui projected sales for the 1994 financial year of Y1bn, and Y4bn within three years.

Thai Farmers Bank strengthens to Bt8bn

By Victor Mallet in Bangkok

Thai Farmers Bank (TFB), Thailand's second largest bank and the first to report last year's full results, yesterday announced a 52 per cent rise in net profits to Bt7.94bn (\$213.8m) in 1993 from Bt5.21bn in 1992.

TFB's earnings surpassed the estimates of most stock market analysts, and the figures suggest that the country's unofficial cartel of 15 commercial banks has weathered a

campaign by the central bank to reduce wide spreads between banks' lending and deposit rates.

Since the start of last year, Thai banks have lost billions of dollars of lending business to the Eurobond market, where Thai companies can borrow at much lower rates than at home.

Thai banks, however, have profited from a very low cost of funds caused by high liquidity, especially in the fourth quarter of last year, and higher lending to small customers as the Thai

economy grows at about 8 per cent a year.

TFB's loan book rose 21 per cent to Bt361.96bn last year from Bt299.85bn in 1992, and the company predicted outstanding loans would rise a further 23 per cent this year. Total assets rose 21 per cent last year to Bt441.60bn from Bt363.61bn in 1992.

Pre-tax profit was up 53 per cent at Bt11.44bn in 1993, compared with Bt7.48bn the previous year, while earnings per share rose 37 per cent to Bt9.93 from Bt7.27.

The Thai authorities want to expose Thai banks to more foreign competition by increasing the opportunities in Thailand for foreign banks with branches or offshore banking licences. But the process will be gradual enough to allow domestic banks to improve their efficiency.

"We are not overly worried quite frankly by foreign competition," said Mr Chulakorn Singhakorn, president of Bank of Asia, recently. "I'd like to see a foreign bank competing profitably in Ubon Ratchathani."

U.S. \$125,000,000

Floating Rate Notes due 1995

Fiduciary issue by Bankers Trust Luxembourg S.A. to fund a loan to be made to



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Notice is hereby given that for the Interest Period 27th January, 1994 to 27th July, 1994 the Notes will bear a Rate of Interest of 3.775 per cent. per annum. The Coupon Amount will be U.S. \$189.80 per U.S. \$100,000 Note and U.S. \$1,897.99 per U.S. \$100,000 Note payable on 27th July, 1994.

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\$300,000,000

Floating rate notes 1994

For the three months 26

January 1994 to 26 April 1994

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will amount to \$58.79 per

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due 1996

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5.75% per annum from

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1994. Interest payable on 26

April 1994 will amount to

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and \$1,117.81 per \$100,000

note.

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GPA Investments B.V.

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In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from January 27, 1994 to July 27, 1994 the Notes will carry an Interest Rate of 3.825% per annum.

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(the "Preference Shares")

Notice is hereby given to holders of Preference Shares in News Cayman Limited (the "Issuer") that the Issuer will redeem all outstanding Preference Shares at par together with accrued dividend on 15 March, 1994.

January 28, 1994, London
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IN RELATION TO

News Cayman Investment Limited

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January 28, 1994, London
By: Citibank, N.A. (Issuer Services) Paying Agent CITIBANK

Poor auction result lowers prices of long-dated gilts

By Antonia Sharpe in London and Frank McQuay in New York

UK government bonds fell almost one point at the long end yesterday in the wake of Wednesday's poorly-received 2.75bn auction. There were also reports that some marketmakers still had quite a lot of the new stock on their books.

There were some concerns in the market that the forthcoming tax increases would lead to a temporary rise in inflation though analysts believed that the underlying rate would stay within the government's 4 per cent ceiling.

The long gilt future on Liffe traded at 118 1/2 in the late afternoon, down 1/2 on the day and off an intraday high of 119 1/2.

Some dealers said that the market was likely to

recover once the overhang from the auction had disappeared.

German government bond futures fell below par in moderate trading as the market awaited the publication of the 1993 data for December early next week. The bund future on Liffe fell from an intraday high of 100.31 to 99.94 in the late afternoon, down 0.44 point from Wednesday's close. Cash bonds were also lower, with the benchmark 6.0 per cent 10-year bond dropping to 101.50 from 101.59 late on Wednesday.

French government bonds eased after the Bank of France left its intervention rate unchanged at 6.20 per cent at its securities repurchase tender yesterday. A small decline in call money earlier in the week had raised some dealers' hopes of a modest cut.

The Bank's targets for average annual M3 growth, of around 5 per cent over about four years, were in line with expectations and failed to stimulate the bond market.

Analysts said the market was in a defensive mood in the wake of this week's issue of

GOVERNMENT BONDS

FFR22bn worth of state-guaranteed debt. In addition, next week's OAT auction is expected to raise a similar amount.

There were also signs that international investors were seeking to switch out of French government bonds into the D-Mark bloc. The national 10-year bond future on the Matif traded at 130.20 in the late afternoon, down 0.22 point on the day.

Italian government bonds tumbled in the afternoon on a combination of profit-taking and growing uncertainty ahead of the forthcoming general election.

Dealers noted that an opinion poll published yesterday suggested that voter support had shifted away from the left towards the right-wing and centre parties.

The March future on Liffe fell from the day's high of 117.72 to trade around 118.12 in the late afternoon, down 0.44 point on the day.

Japanese government bond and futures prices rose in Tokyo trading as their recent weakness encouraged some bargain-hunting. The March futures rose as high as 114.31 before closing at 114.25, up 0.65 on the day. In London, the future rose as high as 114.33.

However, Mr David Knee at

Daiwa Europe noted that political and economic uncertainty still hung over the market. Investors generally remained cautious ahead of any announcement on the third supplementary budget for fiscal 1993.

In addition, it was still unclear if there would be an agreement on political reform, leaving a snap general election as a real possibility.

News of steady growth in factory orders failed to rattle the US Treasury bond market yesterday morning, as traders shifted their positions ahead of today's estimate of fourth-quarter gross domestic product.

By midday, the benchmark 30-year government bond was off 1/4 at 98 1/2, with the yield edging up to 6.306 per cent. At the short end, the two-year note was unchanged at 99 1/2 to yield 4.132 per cent.

Liffe plans futures only for Mid 250

By Tracy Corrigan

The London International Financial Futures & Options Exchange (Liffe) plans initially to launch only futures contracts on the FTSE Mid 250 index, postponing the introduction of options, according to members of the exchange who have attended recent meetings at Liffe to discuss the matter.

They also said that Liffe is being rushed into an announcement by the decision of OMLX, the London-based equity derivatives exchange, to launch conventional and flexible futures and options on the index on February 4. Last November, the London Stock Exchange surprised the market by awarding both Liffe and OMLX a licence to trade derivatives on the index of medium-sized UK companies.

Mr Daniel Hodson, Liffe's chief executive confirmed yesterday: "We are considering just doing futures. We believe the real interest in this contract is in the futures."

Liffe members are expecting an announcement shortly that a futures contract will be introduced on to the Liffe trading floor in the next month or so. "If OMLX had not appeared on the scene, Liffe would still be waiting, but their hand has been forced," said one member. Some Liffe members have expressed frustration at Liffe's delay in announcing its plans for the contract, given the growing activity in the underlying stock market and the speedy reaction of OMLX. However, others said they supported Liffe's view that the ground for the new contract needed careful preparation.

Ontario FRN proves popular

By Conner Middelmann

The Eurobond market was unanimous in its enthusiasm for the latest debt offering from the Province of Ontario, which eclipsed most other deals in yesterday's active session.

Ontario's long-awaited global US dollar FRN, launched only three days after its \$1.25bn fixed-rate 30-year bond issue, met such strong demand that it was increased to \$3bn from the initial \$1.5bn in the early afternoon.

The notes - Ontario's first floaters - have a 5-year maturity and were priced to yield eight basis points above three-month Libor at the re-offer price. Lehman Brothers and Merrill Lynch arranged the issue.

The pricing of the deal was seen as appropriate, with some

traders suggesting it could have been a little tighter. The day's other US dollar floaters was a \$200m five-year issue for Credit Suisse Bank via CS First Boston. The notes were priced to yield 25 basis points over Libor at the re-offer price, which many observers felt was about five

INTERNATIONAL BONDS

basis points too tight. An official with the lead manager conceded the pricing was aggressive, adding that "this was a pre-emptive deal - it gave us an opportunity to take a position and wait for spreads to come in".

In the domestic sterling bond market, L.A.B. Investments, a vehicle set up to acquire and hold registered loan instru-

ments issued by local authorities, launched \$25m of 25-year bonds via NatWest Capital Markets. According to the lead manager, the deal met strong demand from UK life assurance companies and pension funds. The issue is secured by debt issued by the London Borough of Enfield, Manchester City Council and the City of York. The bonds were priced to yield 70 basis points over the gilt due 2017, that spread had narrowed to 68 basis points towards the close.

In the guildler sector, the Republic of Austria issued \$100m of 30-year 6.25 per cent bonds yielding 16 basis points over the Dutch 30-year benchmark bond. The lead manager was ABN AMRO Bank.

LEB Baden-Württemberg issued \$300m of 7.50 per cent 10-year bonds via Credit Italiano. While the lira sector con-

NEW INTERNATIONAL BOND ISSUES									
Borrower	Amount	Coupon	Price	Maturity	Yield	Spread	Book runner		
US DOLLARS									
Province of Ontario	25m	(a)	98.562R	Aug. 1998	0.15R	-	Lehman Bros/Merrill Lynch		
Ontario	25m	(a)	98.562R	Mar. 1998	0.20R	-	CS First Boston		
Term	25m	(a)	100.00	Mar. 2002	-	-	W.B. Morgan & Co. Geneva		
D-MARKS									
WZGZ	200	(a)	102.05	Mar. 2004	2.45	-	DG Bank		
FRENCH FRANCS									
CCF	25m	5.00	97.92R	Feb. 2002	0.35R	+70 (84%-02) CDC			
CSL Finance	1.5bn	5.75	98.87R	Feb. 2004	0.35R	+22 (84%-04) Deutsche Bank France			
CANADIAN DOLLARS									
Helaba Finance	200	6.50	98.77R	Feb. 2004	0.35R	+18 (84%-04) Daiwa Europe			
GUILDERS									
Republic of Austria	1bn	6.25	98.15R	Feb. 2004	0.35R	+18 (74%-23) ABN AMRO Bank			
ITALIAN LIRE									
UKB Baden-Württemberg Fin.	300m	7.50	101.75	Mar. 2004	2.00	-	Credito Italiano		
HONG KONG DOLLARS									
EPD	500	5.55R	100.33R	Mar. 1998	0.25R	-	IBJ Asia		

Final terms and non-callable unless stated. The yield spread (lower relevant government bond) at launch is supplied by the lead manager. A private placement. Scoreable. Floating rate note. 85-cent annual coupon. R is fixed at other prime rates as shown at the re-offer level. 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COMPANY NEWS: UK

Interim profits ahead of forecasts and sales improving

MFI shows advance to £44.1m

By Neil Buckley

MFI Furniture produced a double surprise yesterday with interim profits above most City forecasts and the news that sales since Boxing Day were up 14 per cent on last year.

For the 28 weeks to November 6, pre-tax profits were £14.1m - including a £19.6m gain from the sale of MFI's stake in Carpetright - compared with a loss of £12m.

Excluding the Carpetright gain, and exceptional flotation costs of £24.7m last time, pre-tax profits almost doubled from £12.7m to £24.5m.

The shares gained 5p to 179p. Mr Derek Hunt, chairman, said trading in the January sale had been encouraging - although poor sales last year flattered the comparison - but he remained cautious.

"Two years ago we had a similar increase which disappeared by the year end," he said.

Gross margins fell from 58.5 per cent to 55.6 per cent, though wage costs fell by 5.5m.



Derek Hunt: trading in the January sale had been encouraging

Group turnover was up 5.5 per cent, from £304m to £320m. Like-for-like sales, which exclude store openings and closures, were up 7.2 per cent, with virtually no sales inflation.

Two new stores before the year-end - which will trade under the name HomeWorks and be used to test customer

reaction to new products and ideas - will take the chain to 178. Total sales in MFI's French division were up 30 per cent, with like-for-like sales up 6 per cent. Three openings should take the French chain to 51 stores by the year-end, with total sales estimated at £25m. Borrowings fell from £22.7m

to £23.7m, and gearing from 78 per cent to 78 per cent. Earnings were 5p per share, including the Carpetright gain, and 2.5p excluding it, from 2.3p last year. The interim dividend is increased from 1.25p to 1.33p.

COMMENT
The good news from MFI provides grounds for optimism. The January sales increase led to forecasts of an 8 per cent improvement for the second half as a whole. The group should benefit from signs of a pick-up in the housing market, while the shift in the sales mix towards kitchens and bedrooms, which MFI manufactures itself, should help the gross margin. But contrasting figures from Next, Burton and M&S have highlighted the patchy nature of the consumer recovery, and MFI admits it has seen false dawns before. A rejuvenated Magnet could also pose a threat. Full-year forecasts, raised from about £60m to about £72.5m yesterday, put the shares on a demanding multiple of 22, although that falls to about 18 on forecasts of £90m next year.

Sir Denys Henderson to join Rank board

By Peggy Hollinger

Rank Organisation yesterday ended more than a year of speculation by naming Sir Denys Henderson, head of ICL, as the leisure group's nominee chairman.

Sir Denys, who retires as ICL chairman in April next year, will become a non-executive director of Rank in March. After retiring from ICL, where he masterminded the demerger of the drugs group Zeneca, he will be appointed non-executive chairman of Rank. He will work part-time at the company's headquarters.

Sir Denys said yesterday he was delighted at the appointment. "I hope my experience in various different fields of business will enable me to contribute to the company's continuing success," he said.

He replaces Sir Leslie Fletcher, who took over as temporary chairman following the death of Sir Patrick Meany in 1992. Sir Denys and Sir Patrick were close personal friends for many years, and the latter was once a director on the ICL board.

That friendship is likely to stand Sir Denys in good stead in his new post, where he will work closely with Mr Michael Gifford, Rank's blunt speaking chief executive. Both were named in a survey of Britain's toughest bosses.

Mr Gifford said he, too, was delighted at the appointment. Rank is believed to have been discussing Sir Denys's nomination for several months.

Sir Denys is also a director of BTZ and Barclays. Rank is carrying debt of almost £1bn, the legacy of the 1989 Mecca takeover. It has already announced annual pre-tax profits up from £30m to £27.6m.

See Observer

Allied Textile makes £29m N American move

By Peter Pearce

Continuing its policy of overseas expansion, Allied Textile Companies, the textile manufacturer and processor, yesterday announced two acquisitions in North America for a combined consideration of about £29.3m in shares.

The group also revealed a £1m rise in pre-tax profits to £13.7m for the year to September 30. Shares rose 17p to 568p. Mr Peter Honeysett, chairman, ascribed the group's ability to consistently lift its textile profits in a recession to "anticipating and constantly rationalising".

Mr John Corrin, chief executive, added that ATC had bought, sold or shut 24 units in the past 30 months, in response to market or product demand. Mr Corrin said the rise in textiles profits to £9.6m (£8.6m) had been greater than in previous years because of the £26.5m capital expenditure since 1990.

The companies acquired are

Cleyn & Tinker, a Canadian maker of worsted cloth, and Carleton Woolen Mills, a US maker of wool and wool blend fabrics.

C&T raised operating profits from £81.4m to £83.32m in 1992 and has assets of £22.4m (£11.4m). ATC is paying £33.32m in shares on a p/e of 9.2 for C&T, though this includes £15m to cover debt.

Carleton made \$4.33m (\$4.38m) on turnover of \$45.2m (\$44.8m) in 1992. ATC is paying about \$15.2m (£10.1m) via the issue of 2.03m new shares on a p/e of 7.7, plus the issue of up to 411,000 shares to the vendor, which are valued at £2.27m. Carleton has \$9m of debt.

The two companies' combined debt, along with ATC's October acquisition of Costings Applications (Textiles) for about \$6m, has all but wiped out the group's cash pile, which at the interim stage stood at £27m.

The consideration shares are to be placed at 500p on a 1-for-5.3265 basis.

Group turnover for the year shipped to £137.4m (£129.1m); earnings grew to 33.2p (30.8p) per share; and the final dividend is lifted to 8.3p for a total of 12.5p (12.6p).

COMMENT

It is almost impossible to find a critic of the transatlantic acquisitions. Having stalked C&T for three years (and put continental European expansion on hold pending the revision), ATC has clearly done its homework. It waited for the successful conclusion of Nafta and then C&T - the 35 per cent tariff barrier is set to reduce by 1 point a year - it has paid a good price and is still not overvalued and there should be no problems getting the paper away. Furthermore, the group's canny reputation has been enhanced by its growing openness. Forecasts for the current year range from £16.5m to £18m pre-tax for earnings of 35p to 38.7p, giving a p/e of about 15, a discount to the market.

Japanese increase helps Unitech

By Paul Taylor

A sharply higher contribution from its Japanese subsidiary and positive currency movements helped Unitech, the international electronic components and controls group, lift interim pre-tax profits by 62 per cent.

Pre-tax profits jumped to £7.38m in the six months to November 30, up from £4.55m, on turnover ahead by 23 per cent to £144.5m (£117.2m).

Exchange rate movements benefited pre-tax profits by £1.2m and added £8.1m to turnover.

Earnings per share increased by 18 per cent to 4p (3.4p) and the interim dividend is up from 2.1p to 2.24p.

The shares closed up 20p at 314p.

Commenting on the results, Mr Peter Curry, chairman, said: "Notwithstanding generally low demand and poor trading conditions in many of our markets, we are experiencing an improving sales trend in most regions."

Operating profits increased from £5.54m to £9.76m, boosted by substantial profit gains in both the power supplies and control products operations - partly offset by losses in the connectors division.

The power supplies division, which launched a new series of modular supplies last year, almost doubled its profits to £7.4m (£3.8m) with Nemic-Lambda, the 50.6 per cent-owned Japanese subsidiary, contributing £5.2m (£1.5m).

The expanded control products division also doubled its profit contribution to

£2.8m (£1.3m) on sales of £26.6m (£17.6m). In contrast, the connectors division "had a difficult half-year" and incurred a £1m loss compared with a £900,000 profit.

COMMENT

Despite the setback in connectors, Unitech is starting to benefit from increasing returns on its recent investments in new products, acquisitions and geographic expansion. With its business split roughly equally between Europe, North America and Asia, Unitech would be an early beneficiary of any general economic upturn. Pre-tax profits this year should reach £13.5m generating 9.1p in earnings, but the premium rating - the shares are currently trading on a prospective p/e of 34.5 - reflects its valuable holding in a listed Japanese company.

Partco set to float in March

By Andrew Bolger

Partco, the biggest independent distributor of automotive parts and equipment in the UK, is to be floated in March with an estimated market value of £50m.

The company is raising £25m in a placing and intermediaries' offer in the second flotation recently announced in a rapidly consolidating sector. Finalist, a smaller competitor, will be floated next month with a capitalisation of about £25m.

Partco distributes car and commercial vehicle components, automotive paint and refinishing materials, and equipment for vehicle workshops. It expects to report a doubling of pre-tax profits to about £4.3m for the year to December 31 on sales of £124m.

It delivers branded and own-label products to business customers from a 210-branch network which stretches from Cornwall to north-east Scotland.

Of those, 99 branches offer paint and bodyshop refinishing products, as well as other parts. The group has a central distribution warehouse in Northamptonshire.

Mr Peter Redfern, managing director, sees ample scope for expansion, both by acquisition and opening greenfield operations.

The group has only one branch in a city as big as Manchester and has identified 200 areas where it is not represented, yet have catchment populations of 25,000.

Partco was the product of a management buy-out from Quinton Hazell in 1986. The

team turned round the loss-making business and in 1989 became the biggest independent distributor through the purchase of GKN Autoparts in 1989.

The deal was completed just before the UK went into recession. By 1991 the group needed to swap equity for debt and close loss-making outlets. Mr Redfern said this explained why the flotation "would not create any paper millionaires", although the executive team would end up with about 5 per cent of the enlarged equity between them.

Mr Gordon Yardley, a non-executive director of BTR, was appointed chairman of Partco in 1991.

The group is being advised by Hambro Magan, with Cazenove acting as brokers to the issue.

BSkyB considers financial restructure

By Raymond Snoddy

British Sky Broadcasting, the satellite television venture, is considering the possibility of a financial restructure to repay some of the money invested by its shareholders.

BSkyB has been investigating with merchant banks the possibility of organising up to £500m in non-recourse debt. The talks are, however, at an early stage and no decisions have yet been taken.

The aim of the financial manoeuvre would be to repay

some of the money the main shareholders - Mr Rupert Murdoch's News Corporation, Granada, Pearson, owners of the Financial Times and Channel 4, and the French transport and communication group - put into the venture.

BSkyB has moved into operating profit and last month made its first £30m payment to its shareholders with another similar payment expected before the end of the financial year. The company is still, however, incurring large pre-tax losses.

Warner Estate at £7.3m

By Simon Davies

Warner Estate Holdings, the property investment company, yesterday announced pre-tax profits of £7.3m for the year to September 1993, up from a restated £4.12m in 1992.

Turnover fell to £11m (£12.2m) as a result of a decline in property trading activity. A

final dividend of 7.35p makes an 11p (10.5p) total.

Earnings also amounted to 11p and net asset value was £129.2m at the year end, or 266p (247p) a share.

The company has subsequently raised £5m from the sale of the Catford Centre, and invested £17.4m in a mixed commercial property portfolio.

Anglesey Mining doubts

Uncertainties remain about the financial position of Anglesey Mining, floated on the London Stock Exchange in 1988 to develop Britain's first base metals mine for decades at Parys Mountain, Anglesey, writes Kenneth Gooding.

Agreements with big creditors expire on March 31 and directors are making extensive efforts to reach an accommodation, says Mr Hugh Morris,

chairman, in his interim report.

All those involved have indicated their willingness to negotiate regarding a deferral of the repayment," he adds.

The interim report shows that at September 30 Anglesey had £25,719 cash and amounts due within one year totalled £87,018. Net current assets were £149,774 and shareholders' funds £8.5m.

Hopes of solution to Tate & Lyle's Staley dispute

By Robert Taylor, Labour Correspondent

Confronted by American labour leaders at Tate & Lyle's annual meeting in London yesterday, Mr Neil Shaw, executive chairman, denied that the sugar and sweeteners' group was anti-union.

"Union busting is not part of our corporate style," he insisted as he came under a barrage of critical questioning from the union officials brandishing proxy votes.

The men had come to London to publicise the eight month lock-out of 760 workers at the Decatur corn-processing plant in Illinois run by the AE Staley offshoot.

Mr Shaw told shareholders a fresh attempt would be made to break the deadlock.

"There are some hopeful signs the company will now

seriously negotiate with us but time will tell," said Mr Mark Brooks, special projects director of the United Paperworkers' union, after the meeting.

Mr Larry Pillard, chief executive at Staley in Decatur said the company was ready to reach a deal with the union but "not on any terms". A former member of the Teamster union, he said the company's "drastic decision" to lock-out the workers last June was "not taken in a capricious manner".

He added that the company had had no alternative when workers began a work-to-rule against the imposition of new working conditions.

Mr Shaw said that for two years Staley had been attempting to secure a new employment contract which would involve sweeping changes in working practices to bring the plant's productivity into

line with its US competitors. Mr Dave Watts, local president of the United Paperworkers, said yesterday what the company wanted was "the worst contract I have seen in the corn processing industry".

Despite the edginess of their public exchanges yesterday, which finally exasperated the mainly elderly shareholders, Mr Shaw and the union leaders seemed keen to try and find a way out of the dispute.

The board also faced critical questions over last year's resignation by "mutual consent" of Mr Stephen Brown as chief executive with £1.1m in compensation.

On current performance Mr Shaw said that the level of trading was encouraging with signs of an improvement in continental Europe helped by currency movements and rising demand.

20% pay rise for Carlton chairman

By Raymond Snoddy

Mr Michael Green, chairman of Carlton Communications, was paid more than £330,000 last year, an increase of just over 20 per cent.

Mr Green, who is in the process of becoming one of the most powerful people in UK television following Carlton's agreed takeover of Central, received only a 3.5 per cent increase on his basic salary.

The overall package included a bonus of £207,000 linked to the company's earnings per share record. This compared with a bonus of only £120,000 last time.

The Carlton chairman and joint founder earned twice as much as the next highest paid directors. Three directors, presumably including Ms June de Moller, group managing director, and Mr Nigel Walsley, chief executive of Carlton Television, earned between £300,000 and £315,000 in 1993.

In the annual report, published yesterday, Mr Green wrote of a significant year for the company, with turnover increasing to £1,059m and pre-tax profits to £126.1m. He emphasised that together Carlton and Central make up the largest part of the ITV network with 30 per cent of ITV advertising revenue and broadcasting to 36 per cent of the UK population.

Dividends shown pence per share net, \$USM stock, \$Special interim.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Allied Textile	8.3	Apr 1	8.1	12.9	12.8
Condit Assets	3	Apr 14	2.4	2.4	2.4
Derby Trust	2.965	Feb 28	2.4	17.9532	16.6348
Farepak	1.85	Mar 3	1.85	-	5.75
Freemantle Tele	0.27	May 11	0.25	0.27	0.25
MFI Furniture	1.33	Feb 25	1.25	-	3.75
Mays	3	Apr 5	2.81	-	2.25
Partridge Fine	1.5	Apr 21	1.25	2.7	2.01
Prism Leisure	1.15	Mar 5	0.9	-	3.27
Unitech	2.24	Apr 5	2.1	-	6.1
Warner Estate	7.35	Apr 8	7	11	10.5
Witan Inv	3.1	Mar 17	2.9	5.8	5.6

Dividends shown pence per share net, \$USM stock, \$Special interim.

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28 January 1994

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Misys advances 19% to £8m

By Paul Taylor

A continued advance of software sales and recurring revenues helped Misys, the computer services group, lift interim pre-tax profits from \$6.76m to \$8.01m.

The 19 per cent improvement for the six months to November 30 was achieved on turnover which grew to \$42.1m (\$41.1m) helped by a \$407,000 contribution from acquisitions.

The modest increase in turnover disguised the beneficial change in the mix of sales with the growth of software sales and recurring revenues more than offsetting the decline in lower-margin hardware sales.

Earnings per share increased by 20 per cent to 14.3p (11.9p) and the interim dividend is lifted by 15 per cent to 3p (2.6p).

Although the results were broadly in line with market expectations, the shares closed 11p lower at 537p.

At the operating level the improved mix of revenues coupled with the benefits of the reorganisation put in place at

the end of the last financial year resulted in a 23 per cent increase in profits before group charges.

The advance was underpinned by the expanded financial services division which now contributes over 50 per cent of group operating profits. The Countrywide businesses acquired in mid-1992 performed particularly well assisted by pressure for the consolidation of business within the independent insurance broking sector.

Mr Kevin Lomax, chairman, said that Misys' financial services division continued to increase its market share in the life insurance sector. Overall, the division lifted its profits to \$4.78m (\$4.03m) on turnover of \$12.9m (\$11.2m) despite higher research and development expenditure.

Within the systems division Mr Lomax said the computer services operations continued to make a valuable, but slightly reduced, contribution to group profits.

COMMENT
The chairman's comments about the lack of clear signs of



Kevin Lomax (left) with his deputy, Strone Macpherson: results were underpinned by the expanded financial services division

a sustained upturn in capital spending may have contributed to the share price slippage yesterday. But even allowing for the cautious outlook, Misys looks like an undervalued high quality technology stock with a solid balance sheet, good

Buoyant Christmas sales at Farepak

By Simon Davies

Farepak, the mail order supplier of Christmas hampers, yesterday reported a 16 per cent increase in sales over the festive season.

The statement accompanied news of an increased deficit of £1.53m (£1.39m) pre-tax in the first half to October 31.

Turnover fell marginally to £8.08m (£8.11m), primarily due to a later distribution schedule for mail order giftware, which will be booked in the second half.

Farepak has a highly seasonal business, with profits coming through during the Christmas period. Mr Bob Johnson, chairman, said: "We are confident that the full year will show good growth".

The company purchased the Littlewoods hamper business and access to its substantial mail order database, the second largest in the UK, for £8.5m in April last year. Benefits are expected to come through in the year to April 1995 as it increases marketing and secures synergies with its existing mail order hamper business.

The company has expanded its manufacturing base with a new plant in Swindon and has seen increased orders for its wholesale food processing business. The interim dividend goes up 12 per cent to 1.85p (1.65p).

Widney approval

Widney has High Court approval for reduction of its share premium account by £1.94m. This enables the debit p&l balance to be written off.

Chiroscience to join market with £102m tag

By Tim Burt

Chiroscience Group, the latest biotechnology issue to come to the market, yesterday set its flotation share price at 150p, giving a capitalisation of £102m.

Although the Cambridge-based group does not expect to make a profit for several years while it develops new drugs, Mr Peter Keen, finance director, said investor interest had exceeded expectations.

He claimed Chiroscience had attracted attention because, unlike most biotechnology companies, it had offset losses on its research programme with product sales to companies such as Glaxo.

In the six months to August 31 sales of £1.34m helped hold interim losses at £1.37m.

Funds from the flotation and income from sales of so-called synthons - the chemical building blocks purchased by large drugs companies - would be

used "to develop the full potential of chiral technology".

Research aims to develop single isomer drugs, which work faster and with fewer side effects than twin isomer products.

Mr Keen said revenues from the issue, together with cash reserves of £8.9m, would be used to market existing products, enlarge the workforce and expand site facilities.

The flotation of 30m ordinary shares is expected to raise £45m, of which £5m will be realised by venture capital companies from the sale of 3.33m shares.

Of the £40m retained by the company, £4m will be used to finance an employee share trust, which has conditionally agreed to purchase a substantial equity stake from other venture capital shareholders.

Robert Fleming is placing 16.7m shares with institutions, with the balance available to private investors.

COMMENT

It takes a bold company to lay claim to a market valuation of £102m less than two years after it emerged from a £1m management buy-out. Yet that is what Chiroscience has done. In March 1992 it paid £1m cash for the chiral business of Enzymatix. Analysts, who had been expecting a market capitalisation of about £30m, described the valuation as "surprising". They warn that even if the company's innovative research techniques begin to generate profits in five years' time, it will be a long wait for investors seeking capital growth. Nevertheless, Chiroscience is one of the few companies developing single isomer drugs which, if they fulfil their promise, could revolutionise parts of the pharmaceutical industry. But it could take several years for the drugs to realise their full potential. At 150p, the shares are not expected to open at a premium.

Wm Baird sees improving trend

By John Murrell

Directors of William Baird, the textile group, said yesterday that although some improvement in consumer confidence had been experienced at the end of the third quarter, trading during the final three months - including the important Christmas period - had remained difficult.

That was particularly evident in branded ladies' wear where margin reductions were deemed necessary to clear stocks. Trading at the Berkertex dress business was particularly poor during December resulting in losses "exacerbated" by the need for a stock write-off. Management changes had been made to strengthen the business.

For these reasons the directors expected second half profits at Baird Textiles, the main subsidiary, to be similar to the £14.1m returned for the same period of the previous year. That would include a contribution from Richard I Racks, the ladies' wear and casual clothing company acquired in August which resulted in William Baird becoming the third largest supplier to Marks and Spencer.

For the opening half year to June 30 group pre-tax profits fell from £10m to £8.77m with Baird Textiles accounting for £7.02m (£8.53m). Analysts were looking for full year profits of about £22.5m; that would be lower than last year's £23.4m but "well ahead" after taking account of exceptional adjustments for FR3.

Mr Donald Parr, chairman, said the group was now a "sound clean business". He was looking for a much improved overall performance in 1994, pointing out that the Berkertex bridal business was trading "extremely well".

He added that with year-end borrowings expected to be nil, including the costs of the Racks acquisition, the final dividend for 1993 would be maintained.

Further disposals within the Darchem business were expected in the near future, the proceeds of which would be invested in the clothing and textiles operations.

The shares closed 4p higher on balance at 255p after falling to 225p in early trading.

Northern Electric in joint venture for N Sea reserves

By David Lascelles, Resources Editor

Northern Electric, the Newcastle-based electricity distributor, has formed a joint venture with Neste, the Finnish state-owned oil and chemicals company, to own North Sea gas reserves.

The 50:50 joint venture, Sovereign Exploration, is valued initially at £19m, though the companies estimate that the potential exists to enhance this by £5m. Northern said the rate

of return it expected to receive from the venture would exceed that on its main electricity business.

The deal will underpin Northern's ambitions to become an integrated gas supplier. Last autumn it launched its own distribution business. This currently has 100 customers, but is intended to serve the full range of the gas market as it becomes liberalised.

The deal gives Northern access to long-term gas supplies with an option to buy up

to 50m therms of uncommitted gas. For Neste, the deal represents a step in its corporate restructuring and an opportunity to link up with a company in the downstream market.

Sovereign Exploration will have interests in the Schooner, Avalon and Victor fields. Mr David Morris, Northern's chairman, said: "We are looking at further options and opportunities to expand our gas business, following a low risk approach to ensure profitable business development."

NEWS DIGEST

Partridge recovers to £1.77m

Partridge Fine Arts, the antique dealer, reported pre-tax profits ahead from £1.11m to £1.77m in the year to October 31. Turnover advanced to £13.7m, against £8.36m, the highest since the 1989-90 year.

Mr John Partridge, chairman, spoke of a return of confidence, with recent auctions showing considerable demand for the finest pieces with strong prices.

However, there was some way to go before there was a lasting effect on the market.

Earnings per share came out at 5.54p (3.25p). A proposed final dividend of 1.5p makes a total of 2.7p (2.25p).

Gresham Telecomputing falls

Gresham Telecomputing, the USM-quoted information technology concern, announced pre-tax profits down from £767,000 to £551,000 for the year ended October 31.

Turnover amounted to \$5.62m, compared with \$7.35m last time which included \$1.47m from discontinued operations. Earnings were 1.04p (1.94p) while the single dividend is lifted to 0.27p (0.25p).

Continental Assets improvement

Undiluted net asset value per share of Continental Assets Trust improved by 35 per cent over the 12 months to December 31 from 170.3p to 229.1p. The figure at June 30 was 188.8p.

Revenue at the Ivory & Sime-managed trust moved ahead from \$545,000 to \$587,000 giving earnings per share of 3.16p against 2.51p. The single dividend is raised to 3p (2.4p).

Shell buys rest of Moroccan unit

Royal Dutch/Shell is buying the remaining 50 per cent of shares in Société Shell du Maroc from the Moroccan state-owned Société Nationale des Produits Pétroliers.

No financial details were given and Shell declined to comment further on the deal. Shell Maroc, created in 1974, has 25 per cent of the Moroccan oil sector.

Derby Trust net asset value up 29%

Derby Trust raised its net asset value per capital share by 29 per cent, from 382p to 494p, over the year to December 31. Net available revenue improved by 7.9 per cent, from £1.56m to £2.13m, equivalent to earnings of 17.963p (16.634p) per income share. A special interim dividend of

2.96p is declared, bringing the total for the year to 17.953p (16.634p). The special payment is a result of the liquidation of the investments of Hyde Park Finance (Holdings) of which Derby owns 42 per cent. Directors forecast 1994 dividends of at least 15.75p.

Witan Inv lifts net asset value to 271.7p

Witan Investment reported a 28 per cent rise in net asset value per share over the 1993 year, from 212.8p to 271.7p.

Retained revenue amounted to £680,000 (£373,000).

The dividend for the year is raised to 5.8p (5.6p) via a final dividend of 3.1p. Earnings per share came through at 6.11p (5.71p).

Bredero sells stake in shopping centre

Bredero Properties is selling its 28 per cent interest in the Ashley Shopping Centre, Epsom, to Standard Life Assurance Society for £17.2m cash, representing an exit yield of 7.25 per cent.

After disposal costs, the proceeds represent a surplus of about £1.4m over book value and will be used to reduce bank borrowings.

Govett American Smaller assets up

Govett American Smaller Companies Trust reported a net asset value of 176.59p per share at December 31, up from 137.89p at the end of 1992.

The trust, which aims to achieve capital growth through a portfolio of North American smaller companies, incurred an available deficit of £42,000 (profit of £24,000) for the six months to end-December.

Losses per share were 0.17p (earnings of 0.1p).

Bromsgrove expands with £2.78m buy

Bromsgrove Industries, the specialist engineer, has acquired Dublok (UK), an Aberdeen-based designer and manufacturer of valves for use in the offshore oil and gas industries.

Maximum consideration is £2.78m, of which £1.53m was satisfied in cash on completion. Deferred consideration of £250,000 is payable on each of the first and second anniversaries of completion - each comprising £125,000 cash and £125,000 in guaranteed variable rate loan notes.

A further deferred profits-related consideration is payable - to a maximum of £750,000 - satisfied by £250,000 guaranteed variable loan stock and up to £500,000 in Bromsgrove shares.

For the nine months to December 31 Dublok showed a pre-tax profit of £784,000 on sales of £1.95m, and net assets were £498,000 before a pre-acquisition distribution to the vendors of £474,000.

Prism 35% ahead at £0.65m

Prism Leisure, the USM-quoted computer games and music group, lifted interim pre-tax profits by 35 per cent and forecast a "significant advance" in the full-year result. The shares rose 5p to 183p.

Profit for the 27 weeks to October 2 amounted to £649,000 compared with £478,000 last time and £1.33m for the previous full year. Turnover was 26 per cent higher at £7.65m.

Earnings per share showed a 28 per cent rise from 9.8p to 12.5p; the interim dividend is lifted by 28 per cent from 0.9p to 1.15p.

Directors said a principal area of growth was increased turnover in the wholesale distribution and merchandising of computer games. Sales on the audio and video side showed a slight decline.

They reported that trade was good in the Christmas quarter, particularly for computer games. Paul Lamond Games, the board game division, showed encouraging initial trading and was expected to make a positive contribution to full-year results.

Profit warning from Policy Portfolio

Shares in Policy Portfolio, the marketmaker in second-hand endowment policies, fell 10p to 88p yesterday after the company warned that second half profits were likely to be lower than the first half's £429,000.

Pre-tax profits for the year ended March 31 1993 totalled £817,000.

The company joined the market last July, via a placing of 3.6m shares at 130p each, which valued it at £10.4m.

Directors said yesterday that they expected current year sales to show a "somewhat disappointing" 30 per cent rise on the previous 12 months, while gross profit margins would be higher than originally anticipated.

They said the continuing strong performance of share markets in the past year may have caused some potential investors in traded endowment policies to focus their activities on other opportunities.

In addition, they said, some participants in the traded endowment market appeared to be pursuing market share at the expense of profit margins.


The directors had decided not to follow that course of action and, therefore, those factors had made it difficult to achieve the level of sales growth they would wish, while maintaining an acceptable profit margin.

During the bonus season there had been a greater than anticipated increase in value of the company's present stock of policies held for sale.

NatWest Markets

A Major Force in Finance and Capital Markets in 1993

- No 1 in sterling asset-backed transactions (*Euromoney Bondware*)
- Leading player in UK debt and equity MBO market :
 - No 2 lead equity investor in deals over £10 million in 1993
 - No 1 UK bank in total debt arranged
 - No 2 in number of debt deals arranged } *May 1991 - Sept 1993*
 (Source: KPMG Corporate Survey)
- One of the world's top project finance and leasing & asset finance houses :
 - Arranger of the year for Jones Cable Group of Leeds (Holdings) plc - £152.5 million financing - (*IFR Project Finance International Yearbook 1994*)
 - A global coordinator for Rayong Refinery Company (Thailand) - US\$1.5 billion project financing
- 5 billion ECU revolving credit facility for Kingdom of Spain voted Syndicated Loan Deal of Year (*Euromoney*) and European Syndicated Loan of the Year (*IFR*)
- No 1 for currency swaps, sterling (*Euromoney*)
- Best track record in swaps and other derivatives, sterling (*IFR Borrowers Survey*)
- US\$2 billion ECP programme arranged for Hanson PLC
- £1 billion sterling and ECP programme arranged for Guinness PLC



NATWEST MARKETS
Corporate & Investment Banking

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INVESTMENT TRUSTS - Cont.

	Units	Price	Value
January Sewer Co. & S	178	178	
2000 ST	100	100	
Firestone Tire	1000	1000	
A	1000	1000	
First National	110	110	
Mar. 20	110	110	
First Propane	110	110	
Mar. 20	110	110	
Mar. 20	110	110	
First National	110	110	
Mar. 20	110	110	
Mar. 20	110	110	
Mar. 20	110	110	

Wardrobe 1947	204	1	204
Coat 1947	221	1	221
Driving Machine 47	222	1	222
Box 47 1947	223	1	223
Driving Machine 47	224	1	224
Wardrobe	225	1	225
Driving Machine 47	226	1	226
Box 47 1947	227	1	227
Driving Machine 47	228	1	228
Wardrobe	229	1	229
Driving Machine 47	230	1	230
Box 47 1947	231	1	231
Driving Machine 47	232	1	232
Wardrobe	233	1	233
Driving Machine 47	234	1	234
Box 47 1947	235	1	235
Driving Machine 47	236	1	236
Wardrobe	237	1	237
Driving Machine 47	238	1	238
Box 47 1947	239	1	239
Driving Machine 47	240	1	240

Flamingo E & F Corp	187	194
Flm: 3373	34	44
Flamingo Fr East	387	488
Flamingo Flodge	488	488
Flong Leared Inc	2284	346
Flm: 3485	248	213
Flm: 3485	187	187
Flamingo High Inc	112	122
Flm: 3485	23	25
Flamingo & C Co	946	1814
Flm: 3485	1478	156
Flm: 3485	474	484

[illegible]

For 1/2 Col High	252	0.1	252
For 1/2 Col Low	126	0.1	126
Wagon	471	0.2	80
For 1/2 Col High	82	0.1	82
For 1/2 Col Pac	373	0.20	373
Wagon	247	0.12	279
For 1/2 Col Pac	744		144
For 1/2 Col Small	1877	0.1	1877
For 1/2 Col Small	78		78
Canada	56		88.4
Units	132		132
For 1/2 Col US	118		118

Warrants	100	1	101
French Frig	40	1	102
Warrants	77	1	103
Fat num Inc	63	1	104
Cop	281	1	105
Zorg Dr. 71	132	1	106

GT Loan	450	274	275
Equitable Arns	4	48	48
Z&O PI		954	954
Carmona L&C F&		159	159
Wizards		84	122
Carmona E&C	474	145	145
Wizards		289	289
Carmona S&C	34	519	51
C&C		105	105
Carmona D&C		199	199
Urbis		999	999
Carmona S&C L&	44	122	122

Jorg Dr		100
Gartmore Value	4-7	98
Jena Co Pty		96 1/2
Garand Income	M	107
Gari Cons Inc	FE	102
Lap	J	101
Shannon Pl	H	122 1/2
Georant Ste	4-1	98
Williams		96 1/2
Gorman Sml	4-	100
Wardman		117
Campbell Jc	AH	99

[illegible][illegible]

House 11th Ave. Chs. 21	190	190
House 11th Ave. Chs. 21	67 1/2	75
House 11th Ave. Chs. 21	61	69 1/2
House 11th Ave. Chs. 21	35 1/2	35 1/2
House 11th Ave. Chs. 21	175 1/2	175 1/2
House 11th Ave. Chs. 21	308	312

1	I&S (US) Soft Co's	118	+3	118	
	Warrants	48		48	
2	Investors Cap	181		184	
	Mary & Stone Int Cap	104		107	
	Warrants	22	-1	21	
	Co Lk 2000	2106		2106	2
	Borg & Stone Int	177		177	
	Civ Activity	188		188	
	Johnson Fry Mts	540		149	
	Zen Fr	117.5	-4	117.5	
	Johnson Fry Second	120		122	

Zero Div PY	100	100
Joe Hedges Capital	100	100
Income	111	111
Zero Div PY	130 1/2	130 1/2
Joe's Inc.	71	71
Cap.	46	47
Junior Corp.	8	8
Warrants	85	85
Zero Div PY	51 1/2	51 1/2
Investment Charter	232	232
Investment Div	303	303
Ratewater Energy Bk	141	141

Workbooks	86	+1	86
K'Work Endowments	124		126
Kelownat High Inc M	112		114
Zoro Div Pct	157.4		157.4
Kelownat Trusts	256		264
Kelownat 2nd Bndt	91.1		93
Kelownat Smis	166		159
Korea China Super Fd	572		578
Law Debenture	91.4	+1	926
Lazard High Inc	124		126
Leveraged Ops	126		126
Livestock Fund Up	126		126

Capital	93	94
Dividend	34	35
Low & Strath	249	248
Low Auster Growth	53	53
Warrants	20	20
Low Atlantic	104	104
Lowland	330	330
Low S O Trust Inc	359	359
Cap	282	277
Low S O Income Inv M	49	49
Cap	33	34
Cap	57	57

Financial Africa	754	757
Secured Units	754	757
Zoro Div Pnt	681	69
M & G Recovery Inc	343	89
Capital	304	31
Control Unit	601	69
Zoro Div Pnt	60	80
Package Units	144	150
M & G 2nd Dual Inc	146	166
Cap	395	621
Alameda	226	226
Malvern UK Ind	160	162

Warrant	88	+2	86
Marl Currie Euro	121	+1	121
Warrant	45	---	60
Marl Currie Pac	164	+1	167 1/2
Warrant	64	---	74
Mercury Euro	776 1/2	---	798
Mercury Street	135 1/2	+1	138
Warrant	8	---	9
Merchants Trs. MC	319 1/2	-1 1/2	321
Mercury Keystone	681	+1	681
Mercury World Wldg	117	+1 1/2	126
Warrant	47	-1 1/2	52 1/2

Melrose Hill Green	54	57
Warranda	37	37
Units	121	121
Zero Pt.	99	99
Allezandra C & I Inc 4th Fl	180	184
Cap	223	230
Mid Wind	412	412
Monks	987	992
Moongalle	109	109
Warranda	53	53
Moongalle Smith	162	152
Warranda	47	46

Murray Warrandi	151	154
Warrandi	82	82
"C"	110	110
Murray Est	134	132
Zoro pc Cv Ln '94	2295	2295
Warrandi	841	841
Murray Inc	201	201
Murray Inc	378	369
Murray Indl	321	376
B	382	376
Murray Smlk M. 2-11	377	381
	399	

B	524	527
Murray Spitz Inc. JAHN	96	103
Cas	168	168
Zero Div Pft	180	180
Units	834	834
Murray Ventures JAH	368	361

HB Smaller Co's	148	148
HB Smaller Aust.	118	118
New City & Gunn	138	142
Warrants	71	71
R.P.I. 080 3005	818	818
New Thrng Inc	95	95
Cap	87	87
New Zealand	231	231
Newmarket V	53	53
HB Atlantic S&K Co's	237	237
W.L.A. 2011		

Northern Inc.	232d	+2	232
Osun Coal	277d		278
Zoro Pl	110	-1	111
Overseas Am	218d		218 1/2
Warrents	378		380
Warrents	215	+1	216
Pacific Assets	562	+3	567
Warrents	570	+4	565 1/2
Pac Horizon	40		40
Warrents	9	+1	10
Pasaden Int	194	-1	200
Pasaden Franch	148		

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TRANSPORT - Cont

payment	dividend
1 indicated dividend	1994
yield n/a ratio based on	1. Estor

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BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

High American [®]	5	\$1,201	1,201	1,209	-0.00%
Strategic Investment [®]	5	\$1,543	1,543	1,581	-0.02%
US Equity Growth [®]	5	\$1,427	1,427	1,525	—

*Offer price inclusive of maximum preliminary charge

[illegible][illegible][illegible]

BT Fund Managers (Ireland) Ltd (n)

[illegible]

J. Rothchild International Asace plc			
Aggressive US\$	\$12,058	15,325	40,001
Balance US\$	\$11,816	12,438	2,054

[illegible]

1990-1991

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 Daily only
 National Bank and Trust Company, Chicago

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هكذا مني لأصل

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MANAGED FUNDS NOTES
 Prices are in pence unless otherwise indicated and designated S with no prefix refers to U.S. dollars. Yields shown are all buying mortgages. Prices of certain funds are shown in U.S. dollars. All prices are as at 11.00 a.m. on the distribution date of U.S. tax: P = Pioneer; PM = Pragma; UK = United Kingdom; S = Single currency securities; as Designated as a U.S. Limited company; L = Listed on the London Stock Exchange; R = Retail; S = Offshore prices including all expenses except tax; C = Commission; P = Previous year's price; S = Six monthly gross; Y = Yield from January 1st; T = Tax-adjusted; A = Annualized rates of return; N = Net dividend; All funds have had recognized. The Regulatory authorities in the U.K. are the Financial Services Commission, Ireland: Central Bank of Ireland; U.K. and Ireland: Financial Services Commission; Jersey: Financial Services Commission; Luxembourg: Institut Monétaire Luxembourg.

CURRENCIES AND MONEY

MARKETS REPORT

Yen gains against dollar

The yen gained ground yesterday against the dollar as political and economic uncertainty in Japan remained the focus of currency market attention, writes Philip Gault.

Although the Japanese currency traded slightly firmer, the market remains unable to take a clear view on the way ahead. Two parallel sets of events - US/China trade talks, and the troubles of the government - continue to pull the market in opposite directions.

Meanwhile, the Bank of France's newly formed monetary committee kept the market in the dark by declining to reveal whether or not it had made a decision on the lowering of interest rates.

The yen closed in London at ¥109.415 to the dollar, up from Wednesday's close of ¥110.420, bolstered by bullish comments from Mr. Lloyd Bentsen, US treasury secretary. Mr. Bentsen complained about the low level of import penetration into Japan and said more action was required to help the economy. "Market penetration by foreign products in Japan is too low. Likewise with foreign investment levels," Mr. Bentsen said in remarks for delivery to the US Chamber of Commerce.

There is, however, a view in the market that if a fiscal package looks like being delayed, the Bank of Japan may be forced to step in and offer an economic stimulus by lowering interest rates. This gained support yesterday from a report quoting a Bank of Japan official saying exchange rates should reflect fundamentals rather than politics.

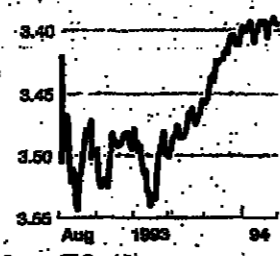
IDEA, in its financial markets commentary, said the statement meant that the "BOJ is ready to step in if yen gains accelerate". There are also reports that the dollar enjoys support at ¥109.06 from buy orders placed by Japanese life offices.

Mr. Hosokawa, meanwhile, said he would not hang on to power if his political reform package was thwarted. Analysts said this increased the prospect of an early election. The four-hill reform package must pass by tomorrow, when the parliament session ends, or it will lapse.

One angle to the Japanese

French franc

Against the DM (FF per DM)



Source: FT Graphix

FF per DM

Jan 27 - 3.480

1st - 3.480

2nd - 3.480

3rd - 3.480

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nals of recent weeks had tailed off in the last few days. A further technical factor keeping it down was its repeated failure to break through the \$1.50 level.

Mr. Jean-Claude Trichet, governor of the Bank of France, yesterday announced the Bank's monetary targets for 1994, but kept silent on the question of interest rate cuts. He said the central bank's policy council had decided to target average annual M3 growth at around five percent over roughly four years. French M3 rose by only 1.4 per cent last year, excluding exceptional items, in spite of a target range of 4.0 per cent to 6.5 per cent.

Mr. Trichet declined to make any predictions on official rates saying: "It is the privilege of central bankers never to say anything in advance." He said the Bank of France's monetary policy objective in 1994 was to maintain price stability. Mr. Turner of BZW said he didn't think there was any large currency message in the Bank's announcement other than the Bank "making clear that it had no intention of devaluing policy from the Bundesbank."

Many Turkish banks refrained yesterday from dollar trading with the market thrown into disarray by the government's 11.97 per cent devaluation of the Turkish lira. Bankers said the central bank wanted to show it had a firm grip on currency markets with early action, after 10 days of turmoil which sent the lira plunging against the dollar. The bank intervened in the market selling dollars and pushing it down to TL16,000 from TL18,000, but the dollar rose again to close at TL16,000.

The Bank of England yesterday provided the UK money market with about \$90m of late assistance. Earlier in the day the bank had provided the market with \$45m assistance. The revised liquidity shortage was \$1.55bn, up from an earlier forecast of \$1.4bn.

German call money rose after the Bundesbank withdrew DM7bn via its weekly tender for securities repurchase from Wednesday and \$1.4925 from \$1.4925. Dealers said the strong economic sig-

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POUND SPOT FORWARD AGAINST THE POUND

Jan 27	Closing mid-point	Change on day	Day's high	Day's low	One month	Three months	One year	Bank of England
Europe	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Australia	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Belgium	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Denmark	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
France	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Germany	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Greece	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Italy	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Luxembourg	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Netherlands	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Portugal	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Spain	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Sweden	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Switzerland	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
UK	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
USA	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
South Africa	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Canada	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Japan	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
India	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
China	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
South Korea	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Thailand	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Philippines	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Malaysia	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Singapore	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Indonesia	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Brunei	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
East Africa	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
South America	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Caribbean	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Central America	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
South America	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Caribbean	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Central America	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
South America	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115.1
Caribbean	18.2000	-0.0021	18.2000	18.2000	-0.2	18.2000	-0.3	115

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AMERICA

Dow holds its ground ahead of growth data

Wall Street

US stocks posted modest gains yesterday morning in a directionless session ahead of today's initial estimate of fourth-quarter economic growth, writes Frank McGurty in New York.

By 1 pm, the Dow Jones Industrial Average was 4.79 higher at 3,912.79, after briefly topping the record high close of 3,914.48 set last Friday. The more broadly based Standard & Poor's 500 was 2.06 better at 473.26. Secondary indices were mixed, with the American SE composite slipping 0.51 to 481.23, and the Nasdaq composite adding 2.98 to 791.78.

Volume on the NYSE was heavy, with 195m shares traded by 1 pm. Advancing issues led declines, 1,117 to 813.

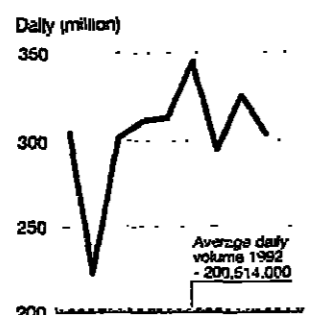
In spite of a fresh round of news on corporate earnings, stocks were in a holding pattern for much of the session, and activity was flavoured in anticipation of the government's preliminary reading on growth in the final three months of 1993.

Bond prices showed resilience in the face of unfavourable developments. Traders shrugged off a 2.2 per cent gain in December factory orders of durable goods as being old

news, and dismissed a big drop in unemployment benefit claims as a weather-related aberration. As a result, bonds meandered in a narrow range, a trend that was mirrored in the equity market.

However, corporate earnings were not entirely ignored. The Dow average was depressed

NYSE volume



largely because of disappointment over 3M's performance in the cyclical stock, a high-flier in recent weeks, was marked down 5% to 105% after posting flat earnings.

Offsetting the effect of 3M's decline, Caterpillar climbed 5% to \$100, while General Motors advanced 5% to \$59.

The other car makers were

strong as well, with the Big Three reported to be scheduling an 80 per cent increase in production this week to make up for recent weather-related shutdowns. Ford gained 5% to \$68, and Chrysler 5% to \$60.

Near the top of the NYSE's most active list, Sara Lee slumped 5% to \$23, after warning that its net income in the current quarter may fall short of analysts' forecasts.

AT&T was in play after good news on its revenue growth and operating earnings in the final 1993 period. The stock added 5% to \$67.

On the Nasdaq, 801 Communications slipped 5% to \$27, when its results proved to be in line with expectations.

Canada

Toronto inched higher at midday as climbing airline, banking and pipeline issues were held back by weakness in golds. The TSX 300 composite index rose 12.15 to 4,473.41 in 12.7m shares valued at C\$49.1m.

The transportation group stayed in the lead after Air Canada's surprising decision on Wednesday to drop litigation aimed at scuttling PWA Corp's deal with AMR Corp. Air Canada rose 5% to C\$8, in 888,000 shares.

EUROPE

Milan leads move into record territory

Bourse performances were peppered with record highs yesterday, but downbeat views on German equities from four London sources - James Capel, Kleinwort Benson, Morgan Stanley and (in reiteration) Goldman Sachs - brought a sour note into the proceedings, writes Our Markets Staff.

MILAN moved into record territory as a buying spree by foreign and domestic investors spurred turnover to an all-time high of L1,050bn. The Comit index rose 5.83 to 636.20.

While domestic investors were still sensitive to political developments in the run up to general elections on March 27, foreign buyers from Europe, Japan and the US were less inhibited.

Montedison rose another 1.71 or 7 per cent to L1,059 and the huge volume of L166m shares reinforced speculation that someone was stake building. Ferruzzi added 1.41 to L1,781 in volume of 40.6m shares.

Hoare Govett is forecasting a 25 per cent rise in the BCI index this year, after last year's 39 per cent advance, given the market's very strong liquidity, the improving macro economic picture, the continuing privatisation process and the expectation of corp-

Actuaries Share Indices

FLEXSHARES Actives Share Indices									
Jan 27		THE EUROPEAN SERIES							
Index	Open	High	Low	Close	Open	High	Low	Close	Open
FLEX Europe 100	1502.58	1501.55	1501.21	1501.07	1497.54	1498.41	1497.37	1498.06	1498.06
FLEX Europe 200	1569.58	1570.45	1570.72	1570.08	1567.50	1568.35	1568.54	1568.54	1568.54
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	Jan 26	Jan 25	Jan 24	Jan 23	Jan 21	Jan 20			
FLEX Europe 100	1498.58	1485.10	1482.11	1477.83	1474.75				
FLEX Europe 200	1592.49	1594.00	1588.02	1592.05	1589.50				

RECRUITMENT

JOBS: Upheavals in the working world put premium value on learning to be motivationally versatile

Why do so many managers fall after being promoted? If that question strikes readers as having an antique air, you're right. The nine words in it were the first the Jobs column's retiring writer ever penned on the subject of management, in October 1987.

What leads me to exhume those words is not so much nostalgia as my surprise, on coming across them in old cuttings, that I had ever started an article with such a question. When I first asked it, the high rate of failure among newly promoted managers constituted a serious risk for ambitious people of the sort who read this column. But the world of work has undergone such upheavals that, for those of you with careers still stretching ahead, the important issues have changed radically.

The difference is not that managers have ceased falling down on receiving a leg up. They still do so. What has made the change is that employers have cut whole layers of management out of their hierarchies. As a result, where future career prospects are concerned, the risk of falling after promotion is now far less of a problem than getting promoted in the first place.

The benefits of a switchable personality

How severely the hatchet men have reduced the chances was illustrated recently by IBM UK's chairman Sir Anthony Cleaver. He said his group was cutting back to only four managerial tiers, which "means a maximum of one promotion every 10 years, and even this is for the one man who makes it to the top."

Although that one man - or woman - will no doubt often be an FT reader, the speed of advance seems unlikely to appeal to thrusting ambitions. So those of you who are impatient to make your mark will need to find other avenues for your abilities. How, alas, is another matter.

One advantage today is that better sources of careers advice are available. The handiest I know of is the computerised guide, Career Design*, which for anyone investing the 40 hours needed to go through it properly, prompts a searching self-analysis. Nevertheless I doubt that such

*UK distributors Careers by Design, Maple House, Green Lane, Padgate, Cheshire WA1 4JN.

exercises are personally sensitive enough to get to the heart of the affair, which to my mind lies in individual motivation.

True, the particular ways in which people are motivated were important to careers even before the wholesale removal of steps from promotion ladders. But in those days, it was enough to find jobs suited to your characteristic motivational pattern. If you were promoted to one that didn't match, you still had a fair chance of finding another which did.

Today, however, there is far less chance of finding jobs that fit your particular pattern. So the only way ahead may be to change your motivation to suit such opportunities as are available. The bad news is that a lot of psychologists think motivation is such a basic part of the human personality that making such a change is well nigh impossible.

The good news is that some of them now think differently. They are the small but seemingly growing number of shrinklets at work on a newish development in psychology called Reversal

Theory. They believe they have cogent evidence that most people not only can, but frequently do, change (or "reverse") their standard motivational pattern.

One switch we make - which I have mentioned in previous columns - is between contrasting fundamental approaches to the things we are doing.

Sometimes we will be doing them solely as a means to some different end. An example is if we are reading a textbook because we need to pass an examination, which, in turn, will improve our job prospects - the theory's term for that particular mode is *telic*. But there will be other occasions when we are doing something just for the sake of doing it, such as when we immerse ourselves in a novel simply because we feel like reading. The jargon for that mode is *paratelic*.

Research by reversal theorists suggest that the differences between the two approaches are far-reaching. For instance, people operating in a paratelic way seem to be more innovative. It may be that, in the telic mode, they are

concentrating too hard on the specific, further goals they have in mind to discover much that they don't know already. But as there are times when focused effort is more important than creativity, and vice versa, career horizons would be broadened by the ability to switch at will from one mode to the other.

Moreover, the researchers say the same applies to another pair of fundamentally different approaches to doing things. In one, the *conforming* mode, the urge is to join in with the crowd, which is more often than not conducive to effective teamwork. But the other *negativistic* mode can sometimes be more valuable, not least in resisting "groupthink" and the gadarene rush into madness if not destruction that goes with it.

The theory also identifies two further pairs of approaches which condition our dealings with other people. At one end of the first pair is the self-serving *autocentric* mode, the opposite being the urge to put someone else first, which is termed *allocentric*. No matter

which of them we are in at any time, we can be seeking either *mastery* over the others or *sympathy* from them.

Once again - as will surely be obvious to anybody who needs to motivate people who cannot be simply commanded - the ability to switch voluntarily between the opposites would expand career horizons. Unfortunately, the ways in which the last two pairs interact are complex, and there is no longer room to explain them in what is my next-to-last column. But the details can be found in *Reversal Theory - Motivation, Emotion and Personality*, published by Routledge at £14.99. Its author is one of the theory's originators, Michael Apter, who works at Yale University.

Besides being supported by research in various countries, his brainchild sheds more light on my own motivation than any other theory I've heard of. So I went to see him while he was visiting his native Britain over the Christmas holiday.

He too is concerned about the effects of upheavals in the world

of work, not only on individuals but on companies. For instance, he says that no organisation can thrive without the wholehearted effort of employees whose usual approach to doing things is *telic* and conforming. But an essential part of such people's motivation is having clear and realisable goals, one of which is progress up the promotional ladder.

Moreover one British company with a keen eye for psychological developments, but which he won't name, has spotted such dangers. It has commissioned him - together with the McMillan Partnership consultancy based in Beech Hill, Berkshire - to set up workshops aimed at helping company staff to become more motivationally versatile.

"The plan is to tutor them in ways of reversing modes," Dr Apter said. "The most simple example is that, if you are in the paratelic frame and faced with something you dislike doing, you can usually switch to the telic mode by keeping your mind on the worst things likely to happen if you neglect the chore any longer. And if you think that's easy for a typical paratelic to do, believe me that it isn't."

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TELEPHONE (1)40140-232 EXT., FAX (1)40140-77 EXT.

CHIEF EXECUTIVE

VALUATION OFFICE AGENCY

LONDON

c.£70,000 + bonus

An Exceptional Opportunity for a Senior Professional

The Post

The Valuation Office Agency was established as an executive agency to provide Government Departments and other public bodies with the valuation of all types of real property where public funds are involved. It carries out valuations for capital taxation purposes; prepares and maintains valuation lists for Rating and Council Tax in England and Wales and contributes to the formulation of policy advice in these matters.

The Chief Executive will be responsible to the Board of Inland Revenue and accountable to Treasury Ministers for the work of the Agency. He/she will be expected to build upon the achievements of a successful first two years as an Agency, including the development of a market-testing programme.

The Person

The role requires substantial experience in a property related business including corporate finance, strategic planning and the management of a large complex organisation.

The successful candidate will possess excellent skills in communication and representation and have the capacity to meet demanding objectives.

He/she will be committed to improving efficiency, effectiveness and the quality of service to customers.

For the right applicant a substantial remuneration package is offered.

If you would like to be considered for this role, please write in the first instance to Mark Scott, presenting a reasoned argument as to your suitability and attaching your CV. Closing date: 31st January 1994. Jamieson Scott, 718 Eaton Square, London SW1W 9AF.

Jamieson | Scott



BANKING FINANCE & GENERAL APPOINTMENTS

Derivative Products

Our client is one of the highest-ranked houses in a broad range of product areas and is a global force in derivative products. It seeks the following four individuals to add to its City based derivative products group active in interest rate, fx, commodity and equity derivatives.



Rochester Partnership Ltd
Garrard House
31-45 Gresham Street
LONDON
EC2V 7DN

Telephone: 071 600 0101
Facsimile: 071 796 4255

Senior Derivative Researcher £60 - 80k Base + Package

- To build a local research team working closely with the traders, salespeople and customers. Responsible for the development of new products; helping with hedging structures, risk management and pricing.
- Be able to demonstrate three or more years experience in an advanced derivative environment along with excellent communication skills.
- Educated to PhD level in a relevant numerate discipline and the ability to program in C++.

Financial Engineer £40 - 60k Base + Package

- To work within an established group providing solutions through the use of derivatives to the full range of capital market activities.
- 2-3 years experience of structuring derivative-linked transactions with a high quality capital markets organisation.
- First class academic background with a good numerate qualification.

Interest Rate Derivatives Trader £60 - 80k Base + Package

- To trade one or more European currencies with an emphasis on active trading and risk management along the entire yield curve.
- At least 3 years experience of trading interest rate risk in one or more European currencies with an excellent profit record.
- University educated with strong numerate bias.

Trainee Trader £25k + Package

- To join expanding commodity-derivative trading group.
- 6-18 months experience gained in a commodity or financial environment. Must be able to evidence a high degree of self motivation and be articulate.
- Graduate with excellent academic record in science, maths or engineering.

Please send a detailed curriculum vitae, quoting reference CJL/350, to Rochester Partnership Limited, Executive Selection Consultants.

Investment Analyst
S.E. Asia

City based

£ Negotiable

This is an excellent opportunity for a young, enthusiastic Investment Analyst to join a major investment institution in the City.

Educated to degree level in economics or a related subject, the successful candidate will have had 2-3 years experience of investment, ideally in South East Asian markets and will be keen to grow and develop in this area.

The person appointed will work closely with the fund managers, assisting with

most aspects of portfolio management, research and analysis. Familiarity with computer spreadsheets and word processing is essential.

Interested candidates should send their full career details, quoting current salary and benefits package, to: Peter Lockyer Advertising Ltd (Ref 6600), 47 London Road, Stanway, Colchester, Essex CO3 5NP. Telephone calls will not be accepted.



PETER LOCKYER ADVERTISING

International Economist

Norwich Union, still enjoying the profitable growth of the last few years, is a UK market leader and one of the top ten insurance and financial services groups in Europe.

Norwich Union Investment Management Limited, member of IMRO and managing funds in excess of £30 billion, seeks an economist with experience of world markets to join its investment research team. The post is located in Norwich, within easy travelling distance of the City.

The successful candidate will be involved in monitoring and preparing forecasts on economies and financial markets worldwide, with a view to optimising asset allocation decisions across both short and long term funds.

In addition to a first class degree in Economics (or a related subject), you will have at least two years' relevant experience. A sound analytical training coupled with an enquiring mind, good communication skills and a high level of self-motivation are essential. You will enjoy an excellent salary backed by a first class benefits package including performance related bonus. Comprehensive relocation assistance is available where appropriate.

Norwich Union is an equal opportunities employer and is happy to consider applications from registered disabled persons.

Write now with a full cv to:

John Munday
Divisional Personnel Manager (Finance)
Norwich Union Investment Management Limited
PO Box 150, Sentinel House,
37 Surrey Street, Norwich NR1 3UZ.

or ring John for an informal discussion on (0603) 682963.



CJA

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Opportunity to make an immediate impact and head up this key area.

TRADING RISK MANAGEMENT

£50,000-£65,000 + BONUS + CAR

MAJOR EUROPEAN BANK WITH GLOBAL PRESENCE

This new position is the result of the rapid expansion of our client's London trading activities. Based on the trading floor, the successful applicant will closely observe the daily trading, review policy, procedures and systems, highlight areas of concern and develop and manage the position risk monitoring and assessment process for Treasury and Emerging Markets trading. We invite applications from highly numerate candidates with 3-5 years' quality Capital Markets experience in risk management or as a dealer. A thorough understanding of complex structured derivatives and synthetic debt instruments and their inherent risks is essential: an understanding of modern portfolio theory, volatility modelling and pricing/hedging techniques will be an advantage. The position calls for good analytical, financial and statistical modelling skills, experience of PC based monitoring systems, a knowledge of accounting concepts, financial reporting and the regulatory/compliance environment, but the ability to communicate and build an effective relationship with the traders will be as important as technical strength. Initial remuneration is negotiable £50,000-£65,000 + bonus and full benefits package, with some flexibility for an exceptional individual. Applications in strict confidence under reference TRM4941/FT to the Managing Director, CJA.

Compliance Officer
Leading City Merchant Bank
Circa £35,000 plus benefits

Organic growth has led to the need for this recruitment within a well known name in City banking. Reporting to the Director of the Bank responsible for compliance, the Compliance Officer will join a young, tightly-knit team within a friendly organisation, representing the best of traditional UK banking allied to a modern approach. Key responsibilities are:

- Contribute to the development of the strategic compliance plan.
- Design and implement monitoring plans and programmes.
- Remain fully up to date with regulatory developments, liaising with the SFA, IMRO, LAUTRO as necessary, interpreting and documenting policy, procedures and controls.
- Developing internal relationships and communicating effectively, promoting compliance internally and managing sensitive issues tactfully and professionally.

The successful candidate will have had prior exposure to the regulatory environment either in an advisory capacity or directly. SFA rule book familiarity is sought, as is the ability to market and assure compliance internally.

If you are interested in this post, please forward your CV, with current remuneration details, day and home contact numbers to PO Box No. B1991, The Financial Times, No. 1 Southwark Bridge, London SE1 9HL.

مكة المكرمة

Standard Chartered

Senior Manager, Europe

Asia Pacific Merchant Bank Group

Excellent Salary & Bonus

Excellent opportunity to join a leading international bank group to work with the European Director of the Asia Pacific Merchant Bank Group.

THE COMPANY

- Standard Chartered Bank has an unrivalled global network of offices. Particularly strong in Asia Pacific, Africa and the Middle East.
- Activities in the Merchant Bank Group include corporate advice, capital markets, structured and project finance.
- Asia Pacific Merchant Bank Group is a key activity within the Standard Chartered group.

THE POSITION

- Identify, evaluate and develop potential business opportunities in Asia Pacific for large European corporates.
- Provide advisory service in Europe on behalf of the offices of the Asia Pacific Merchant Banks.



- Liaise with Global Account Managers, operational departments and product specialists to promote Merchant Banking services in Asia Pacific region including India.

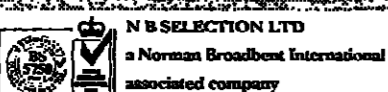
QUALIFICATIONS

- Highly motivated, mature entrepreneurial and ambitious. Aged mid-20s to early 30s. Graduate, possibly with ACA/MBA.
- Minimum three years' experience within banking or securities industry. First class analytical background.
- Willing to travel, flexible on working hours and computer literate. Fluent communicator. Experience of living and/or working in Asia Pacific region a major advantage.

Please send full CV, stating salary, ref N0150 NBS, 54 Jermyn Street, London SW1Y 6LX

London 071 493 6392

Aberdeen • Birmingham • Bristol • Edinburgh
Glasgow • Leeds • Manchester • Slough



Manager Structured Finance

c.£40,000 + car + banking benefits Manchester

This is a rare opportunity to join one of the UK's premier financial groups at a senior level and in a newly formed and rapidly expanding area.

As part of a small, highly focused team, you will be responsible for identifying and developing investment opportunities utilising equity finance, complex project appraisal and corporate finance skills.

A graduate, ideally with an MBA or accountancy qualification, you should have at least 3 years' experience in venture capital, corporate finance or a closely related activity. You should combine a high degree of energy and initiative with good interpersonal and communication skills which will be required to deal with commercial clients and their professional advisers. Equally important will be your ability to establish good working relationships with managers within the bank.

As well as an attractive salary and benefits package, we can offer excellent scope for career development within a challenging and professional environment.

Please write with full CV to Jenny Ewington, Personnel Manager, The Royal Bank of Scotland plc, Regent's House, 42 Islington High Street, London N1 8XL. Closing date for applications 9th February 1994.

Committed to Equal Opportunities.



The Royal Bank of Scotland
WHERE PEOPLE MATTER

STRUCTURED FINANCE OPPORTUNITIES

We are retained, often on an exclusive basis, by an increasing number of banks and packagers operating within the structured finance market. This also includes large unit leasing and asset based finance. Whilst the exact requirements may vary, all positions require experience gained within the £10m+ sector. A selection of the appointments that we are currently handling are listed below.

SENIOR TRANSACTOR

£75,000 plus significant bonus
Leading Merchant Bank requires an experienced transactor to join the established and successful cross-border, fee-income based team. Candidates must possess a proven record of originating and negotiating complex transactions coupled to excellent technical skills and a knowledge of capital market products.

EUROPEAN - MARKETING

£70,000 plus bonus
Major international banking group seeks to recruit a first class negotiator who possesses significant expertise within European cross-border transactions. Candidates should have the ability to work as both principal and advisor coupled with the knowledge of relevant tax jurisdictions. Fluency in an additional European language is essential.

TECHNICAL ADVISOR

£50,000 plus bonus
Applications are sought from candidates who can demonstrate exceptional structuring skills encompassing highly complex cross-border transactions. The role will suit a pro-active individual who can take maximum advantage of marketing opportunities as well as creating unique structures which have multiple applications.

LEASE PACKAGER

£45,000 plus bonus
A leading intermediary wishes to appoint an experienced graduate who can demonstrate in-depth evaluation and negotiating skills gained within the domestic market. For this genuine career opportunity, the ability to establish effective client relationships is essential, whilst expertise in transaction origination would be highly advantageous.

If you are interested in the above or other positions within the large unit finance sector, and have relevant expertise, please contact Peter Haynes or Keith Snow. No information will be disclosed without applicants prior consent.

Jonathan Wren & Co. Ltd,
Financial Recruitment Consultants,
No.1 New Street, London EC2M 4TP
Tel: 071-623 1266 Fax: 071-626 5258

JONATHAN WREN LEASING



MARTIN CURRIE

ASSISTANT COMPLIANCE OFFICER

REQUIRED BY INTERNATIONAL INVESTMENT MANAGERS
at their offices in central Edinburgh

Main responsibility will be to formulate, revise and monitor compliance procedures whilst providing advice on a variety of regulatory issues. Liaison with legal counsel and international and UK clients. The successful candidate will have a practitioner background, preferably with experience of law and compliance within financial services. Salary negotiable. Applications in writing with C.V. to:

Mr I S Reid, Martin Currie Ltd,
Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES.

LARGE INTERNATIONAL TRADING HOUSE

seeks experienced non ferrous metals physical/futures/options/derivatives trader. The preferred candidate needs to have the following attributes:

- Educated to degree level
- 6-8 years experience in physical metal movements, as well as LME and Comex arbitrage and physical versus exchanges
- An in-depth working knowledge of options and their derivatives is essential
- Knowledge of the #0, #11, #14 sugar markets would be an advantage.

Salary negotiable

Please send CV to Box B1992, Financial Times,
One Southwark Bridge, London SE1 9HL

WATSON'S

Investment Consultancy

Reigate, Surrey
Benefits - substantial

"...a clear
goal to
become
the leading
international
consultancy..."

- Watsons is widely regarded as the UK market leader in the provision of investment consulting. We have a clear goal to develop our substantial client base and become the leading international consultancy.
- The role of investment consulting is growing and we are expanding our team to meet these new challenges.
- Our professional team of consultants has skills of the highest quality combined with traditional values and creative flair.
- We provide specialist advice to pension funds, insurance companies and other financial institutions, helping them to fulfil their goals through effective strategic asset allocation, investment management arrangements and selection of investment managers.

- Watsons Investment Consultancy is built around the quality of its people, its extensive research programme and its global perspective. It is part of the most respected actuarial consultancy in Europe.

- Our requirement is for a Senior Consultant who will make a significant contribution to the business, principally in terms of client consulting.

- Candidates will have an investment background, either in consultancy, investment management or as a fund sponsor.

- The successful candidate will be a problem solver and high achiever, articulate and very intelligent with a strong analytical mind. A participative attitude is vital to the Consultancy's team ethos.

If qualified and interested, please contact: Stuart Glass
THE WILLIS PARTNERSHIP LIMITED,
28 BUCKINGHAM GATE, LONDON SW1R 6LR
Tel: 071 821 8543
All communications will be treated as strictly confidential.

"...built around
the
quality
of its
people..."

Nationwide Overseas Limited

c.£30k+car+benefits Douglas - Isle of Man

Sales & Business Development Manager

a key 'Number Two' role optimising
offshore business

A dynamic, wholly owned subsidiary of Nationwide Building Society, Nationwide Overseas Limited has quickly stamped its pedigree in only four years by contributing impressive revenues to the Group.

Based at the Company's Headquarters, your challenging brief will be to develop and implement offshore product sales and distribution strategies for the corporate and retail sector that will achieve business targets in a highly competitive marketplace.

Reporting to and working closely with the Managing Director, your accountabilities will encompass: analysing, recommending and implementing product development and associated sales initiatives; preparing reports and making presentations to the Board to support strategies; developing relationships with your management team and Society colleagues to ensure delivery of business objectives; and generally promoting increased market awareness of all products and services.

This high profile role acts as both deputy to the Managing Director and company 'Ambassador' on all business development, demanding the highest levels of negotiating and networking ability within and outside the organisation.

To succeed, you will need to demonstrate a successful track record and it would be anticipated that you would have a minimum of ten years' banking experience with significant involvement in offshore banking and experience of implementing sales and distribution strategies that optimise market opportunities. An in-depth knowledge of treasury activity is essential and this experience would reflect a good grasp of economic trends, together with highly developed influencing and presentation skills at the most senior level. The position will necessitate a degree of UK and overseas travel.

You can look forward to a range of benefits associated with a financial services leader including relocation assistance.

Please forward comprehensive CV and salary details to Tony MacDonald, Reference NOL/SBDM, PA Consulting Group, St Brandon's House, 29 Great George Street, Bristol BS1 5QT.

Working for equality of opportunity nationwide



Smith Barney Shearson

Corporate Finance Associates Central London Base Excellent Salary + Bonus + Benefits

Smith Barney Shearson Europe is the rapidly growing European Headquarters of one of the largest financial services and investment banking groups in the world. This is a superb opportunity to join a team which is committed to further expansion of its investment banking business.

The London-based Corporate Finance Department is recruiting Associates to work closely with senior professionals. The successful candidates will be actively involved in initiating and following through on cross-border business opportunities and will also work closely with New York-based industry and product groups.

The successful candidates are likely to have had meaningful experience in the corporate finance department of a major investment bank. They will be familiar with some combination of U.S. SEC regulations, ADR issues and equity-related securities, M&A procedures both in the U.S. and in selected European countries, as well as a wide variety of traditional corporate finance analytical techniques.

Excellent computer modelling skills (Lorus 4.01, Freelance) and a clear ability to communicate effectively, both verbally and in writing, are prerequisites. Fluency in Continental European languages is a distinct advantage.

Additionally, you must be a team player who is looking for a challenging, dynamic environment where initiative and self-motivation are highly rewarded both financially and in terms of career progression.

Interested candidates should forward a detailed CV, which will be kept in strict confidence, to:
Anita Mather, Smith Barney Shearson Europe, Ltd., 10 Piccadilly, London, W1V 9LA.
Strictly no agencies

INTERNAL POWER/COGENERATION GLOBAL BUSINESS DEVELOPMENT EXECUTIVE

A Fortune 100 company is extending its position in the energy industry through the pursuit of investment opportunities within the independent power production (IPP) sector.

A core management team is being established to identify and capture IPP/cogeneration/self-power opportunities worldwide. The Business Development Executive will be a key appointment to the team possessing shared leadership responsibility for the development of the business plan and related strategies, including the identification and recommendation of investment opportunities, creation of financial/economic models and

the assessment and structuring of new business proposals.

The successful candidate will possess a strong track record of personal achievement in value added, hands on IPP industry experience, 10+ years of relevant experience gained in finance, planning and business development roles. The candidate must also possess the ability to effectively work under pressure and be an effective communicator in building organisational support for major non-traditional initiatives at the senior management level.

This demanding and challenging role in a fast paced entrepreneurial environment will offer an achiever the chance to get in

at the beginning of a major enterprise.

We offer the successful candidate a competitive compensation and benefits package in addition to broad career advancement opportunities associated with the growth of the business.

Applicants seeking consideration must submit a full curriculum vitae/resume plus a cover letter indicating how you meet the position requirements and total compensation history to:

Business Development Manager
MC 8.128
PO BOX: 3092
Houston, TX 77253-3092
Equal Opportunity Employer

c. £60,000 +
bonus + benefits

Major International Bank

City

Structured Finance - Vice President

New senior appointment for experienced structured finance specialist to develop, execute and market tax-effective products, exploiting potential regulatory arbitrage across Europe for this profitable, highly-rated institution. This small, established team has developed an excellent reputation and has taken advantage of the bank's strong corporate client franchise and well-developed financial engineering capability. This is a rare opportunity to join a fast expanding business with a strong track record.

THE ROLE

- Work in a team of structured finance specialists, assisting in a focused business concentrating on core clients in the UK and on the Continent. Report to Head of Structured Finance.
- Develop 'off-the-shelf' or individually tailored tax-effective structures using financial engineering techniques and present these to senior client management.
- Act as a product specialist, handling all aspects of transaction management and due diligence on mandates and ensuring smooth delivery of pricing and structuring of new proposals.

THE QUALIFICATIONS

- High calibre graduate, likely with an ACA or European equivalent qualification. Minimum of two years' experience in structured finance, financial engineering or in the tax team of a corporate. Languages are an advantage.
- Sound analytical and transaction management skills with proven experience of tax environments and financial systems in one or more continental European jurisdictions.
- Stature and presence to engender credibility with senior management, internally and with clients. Creative, collegiate and determined to succeed.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. FT940141,
16 Greenway Place,
London W3 2SD



GE Industrial and Power Systems

International Sales Financing

London

Package to Attract the Best

GE Power Systems is the world's largest supplier of power generation equipment. It is building a team of the finest export, project and asset finance talent, based in London, to develop innovative, deal winning packages for the sale of its equipment in Europe, the Middle East, Africa, Central Asia, India and Russia/CIS.

THE COMPANY

- One of the world's largest industrial and financial groups. Turnover more than \$62 bn. AAA rated.
- World leader in turbines and power generation equipment and projects.

THE POSITION

- Develop centre of excellence in financing sales in Europe, Africa and the Middle East, Central Asia, India and Russia/CIS.
- Optimise use of short and medium term trade finance, officially supported export credits and supranational agency funding.
- Innovate through use of tax structured, B.O.T. and counter trade techniques.

QUALIFICATIONS

- Proven mastery of export financing techniques, preferably from a top class international bank.
- High intellect, ideally MBA or professional qualification, with powerful analytical and presentation skills.
- Drive and tenacity to close deals, and ambition for rapid progress in a company renowned for its effective management development.

Please send full cv, stating salary. Ref N0332
NBS, 54 Jernyn Street, London SW1Y 6LX

NBS SELECTION LTD
a Northern Broadband International
associated company



London 071 493 6392
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Glasgow • Leeds • Manchester • Slough

MANAGEMENT CONSULTANCY

A.T. Kearney is a large, long established and rapidly growing management consultancy. We operate globally and support large multinational clients in strategy and managing change.

We require an experienced Associate for our General Practice to advise on strategy and change management. A first-class honours degree, an MBA, and fluency in English, Hebrew and Arabic are required as the position involves working with European multinationals and a major involvement in current initiatives to rebuild a presence in the Middle East. International consulting experience of a minimum of 5 years in Europe, the Middle East and South East Asia in either manufacturing, telecommunication, retailing or financial services are prerequisites for this position.

We offer exciting work, travel and appropriate fringe benefits. The basic salary will be £40,000. In return, we expect considerable personal commitment.

If you are suitably qualified, please write, enclosing your curriculum vitae, to Amanda Instone, A.T. Kearney Limited, Stockley House, 130 Wilton Road, London SW1V 1LQ.

ATKEARNEY

SECTION HEAD - COLLATERAL MANAGEMENT TO £40,000 PLUS BONUS

The client is a US Investment Banking and Securities Trading Group and one of the leading players in the Global Financial markets. They are recognised as market leaders in a number of product areas and enjoy a reputation for innovation and progression backed by a long term commitment to the market. This commitment is emphasised by their continual search for excellence and drive to constantly improve the level of client service in an ever more complex and high volume business environment.

Reporting to the Head of Cash and Collateral Management, you will be a key member of the core operational management team and have total responsibility for funding and securities management supporting the Stock Lending and Prime Brokerage business. You will work closely with the traders in order to decide the best form of collateral to receive from and pay to clients, with a view to minimising risk exposure and enhancing the profitability of the Equity financing unit. The role will also involve managing the cash movement section and having a constant liaison with other Operational divisions.

Candidates will be aged 25-35, preferably degree level educated with at least three to five years' experience of collateral and securities management. This will ideally have been gained in an international securities trading environment and they will need to demonstrate excellent knowledge of managing securities movements and client requirements. Strong communication skills, together with an energetic, innovative and proactive approach, will be essential to meet the continuing challenge this role will present.

For further information, please telephone or write in strictest confidence to Giles Simons.

Firth Ross Martin
SELECTION

FIRTH ROSS MARTIN ASSOCIATES LTD
Bell Court House • 11 Blomfield Street • London EC2M 7AY • Telephone 071-628 2441 • Fax 071-382 9417
A MEMBER OF THE BLOMFIELD GROUP

COMPLIANCE

The Union Bank of Switzerland group is seeking to fill a vacancy in its Compliance Department in London.

Reporting directly to the Group Compliance Officer, the successful applicant would have prime responsibility for certain key product areas. Duties would include advising on regulations and compliance issues, making recommendations on compliance policy and procedures, developing and supervising a monitoring programme of the business activities, acting as the principal contact point on client documentation and training staff.

Candidates should ideally be professionally qualified and/or have three years experience in the financial services sector, preferably in a compliance role. However, the right personality is all important and the successful candidate must have an ability to deal with people at all levels, have energy and enthusiasm and enjoy working as part of a team.

Salary and benefits will be commensurate with experience. Interested applicants should write enclosing a CV to:

Shirley Paul
Personnel Officer
UBS Limited
100 Liverpool Street
London EC2M 2RH



INVESTMENT MANAGER

The City of London office of a major International Bank seeks a manager for its international bond and foreign exchange offshore funds.

In a growing role to encompass marketing and promotion of a range of proprietary fund products, there is ample scope for development and advancement.

The successful candidate is likely to be a graduate in their late 20s/early 30s with three to five years of relevant experience. Some supervisory experience desirable. Salary commensurate with age and qualifications.

Reply in confidence with salary details and a copy of CV, by 9 February 1994 to Box 1994, Financial Times, One Southwark Bridge, London SE1 9HL

BOND SPECIALIST

TOP OPPORTUNITIES IN SALES/BROKING

Pro Capital is a specialist organization in the debt/security markets. We have the backing of a powerful AA-rated American institution.

We are looking for a few experienced and high calibre individuals to set up or expand one of the following areas:

- Mitigating bonds and high yielding bonds
- emerging markets

openings also exist in other areas of the debt/security markets.

We can offer: outstanding performance based remuneration. Possibility to assume responsibility and autonomy for the right candidates.

Please send your resume or call confidentially: Oliver R. Froment, Managing Director, Pro Capital, C8C, 2 London Wall Buildings, London Wall, London, EC2M 5PP, tel: 071 628 4200, fax: 071 628 0870

Merchant Banking Group

Sales to Europe

Asset Management Products

Late 20's/Early 30's

Our Client is part of a British owned International Merchant Banking Group. It has a unique reputation and credibility in Europe.

It wishes to find a Sales Executive to help the development of the Asset Management business in Spain, Italy and Germany. Reporting to the Sales Director, this person will market retail type products to and through banks, insurance companies and other intermediaries acting for both high net worth individuals and institutions.

The Bank has considerable connections throughout the area and seeks a person who combines salesmanship with panache and creativity and an affinity for product and business development.

The person appointed could come from within the Asset

Management industry or from a wider Financial background. Alternatively he/she could have a recent MBA qualification combined with an earlier involvement in Finance. He/she should possess an exceptional degree of self-motivation and be prepared to travel frequently. A good knowledge of Spanish and/or Italian would be an advantage.

Career prospects within the Group are considerable and an initial salary of at least £40,000 plus normal banking benefits and a bonus would be paid. This could be more for an experienced person.

Please contact the Company's Advisor in this matter, Colin Barry, Managing Partner, Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 071-248 0355. Fax: 071-499 1102.

**OVERTON
SHIRLEY
& BARRY**

INTERNATIONAL SEARCH AND SELECTION

Senior Statistician

The United Nations Development Programme publishes annually the Human Development Report. The Report analyzes issues of contemporary development and presents a national and international policy perspective to promote people-centred development. A key component of the Report is the presentation of the most up-to-date indicators of human development for 160 countries. Each year, the Report also carries forward the debate on the Human Development Index, which captures economic and social development attained by countries in terms of the living conditions and capabilities of their people. The Human Development Report, with its changing focus each year, has had a wide impact in the past two years on the thinking and action of policy makers, development professionals, the academic community and the public at large.

The responsibilities of the Senior Statistician will include:

- Developing innovative statistical measures corresponding to the major themes of the Human Development Report;
- Updating and revising the Human Development Indicator Tables on an annual basis;
- Coordinating data collection and analysis with responsible international organizations;
- Advising and assisting UNDP staff and senior consultants in statistical matters;
- Preparing technical papers, briefing notes and presentation materials;
- Assisting in identifying innovative means and methods for improving the availability and use of human development indicators at the country level.

Correspondence is invited by 15 February 1994 with CVs from interested individuals with at least 15 years experience in international social and economic statistics to: UNDP, Staffing, Division of Personnel, Room #DC1-1826, One UN Plaza, New York, NY 10017, USA. Reference: Senior Statistician (VA 2123/94). Women are encouraged to apply. Acknowledgment will only be sent to applicants who meet the specific requirements of the position.



undp
UNITED NATIONS DEVELOPMENT PROGRAMME

TRAINEE TRADER IN MERCHANT BANK

Graduates with 6 months work experience in banking preferred. A challenging career in a dynamic industry.

Call Hannah Freer

HAMILTON MCGILL ASSOCIATES

071 235 6125

TRADE FINANCE

A major European commercial bank is seeking to recruit a Trade Finance Executive to assist in the creation and development of a trade finance unit to be established in its London Office.

The successful candidate will have 5 years' recent experience in all aspects of trade finance and detailed knowledge of the forfait market with operational and management experience, so as to make an effective contribution to the establishment of the unit and thereafter to the development of these lines of business.

Although based in London, the position will involve close liaison with head office and the rest of the bank's extensive network of branches and representative offices overseas and will involve some travel. Knowledge of European languages, particularly Spanish, would be a distinct advantage.

Salary, including banking benefits, will be negotiable.

Please reply in strictest confidence to:

Box B1978, Financial Times,
One Southwark Bridge, London
SE1 9HL



The Senseware Company

LOGITECH is a rapidly expanding group of companies of worldwide reputation with Headquarters in Switzerland, the United States, Taiwan and Ireland. It is specialized in the production and distribution of technologically advanced computer-related input and imaging devices such as mice, trackballs, hand-held scanners and digital cameras, as well as sound boards, integrated audio devices and joysticks.

We are seeking to recruit a

CONTROLLER EUROPE

reporting to our General Manager Europe

for our office based in Romanel-sur-Morges / Switzerland.

Responsibilities would include:

- Financial leadership by insuring state of the art forecasting, budgeting, controlling and reporting processes.
- Support of the sales and marketing operation with advice on the implications of different pricing strategies and channel development.
- Cash flow, currency and tax management.
- Overseeing credit control.
- People management of personnel based in Switzerland and other European countries.

The successful candidate should have the following qualifications:

- Chartered Accountant, CPA or equivalent with MBA desired.
- Minimum 10 years of financial management experience which should include a strong cost accounting background with excellent knowledge of activity-based costing and computer systems.
- Be familiar with issues related to a multinational company such as foreign exchange exposure and intercompany pricing.
- Be a strong leader and excellent manager, strategic in approach but with a hands-on operating style.
- Ability to constantly challenge the status quo, be open to changing internal and external customer requirements and be comfortable with initiating change to ensure continuous improvement.
- Superior communications skills and a track record that demonstrates excellence in working with people of different ethnic and cultural backgrounds.
- Fluency in French and English with other European languages an asset.

If you meet these criteria and feel you have the enthusiasm and dedication to excel in this challenging and fast-evolving environment, please apply in writing with a full C.V. to:
Logitech SA, Human Resources Department, Moulin du Choe, 1122 Romanel-sur-Morges.

Standard Chartered

Regional Head of Human Resources - Africa

To £60,000 + Benefits

London Based

Outstanding opportunity for talented HR generalist to direct policy and practice of HR throughout bank's African network.

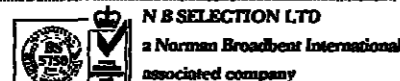
THE COMPANY

- Standard Chartered is a truly international bank in geographical spread of offices and composition of its staff.
- Strong in Africa, Asia Pacific and Middle East. Well established presence in twelve African countries.
- HR policy driven regionally through local professionals.
- THE POSITION**
- Lead and co-ordinate development and implementation of best practice HR for Africa.
- Build close links with local HR and business teams. Provide authoritative generalist personnel input to business.
- Bring expertise in management, planning, development and training. Total dedication to quality.



- Part of the regional management team based in London reporting to the General Manager.
- QUALIFICATIONS**
- Ideal candidate will be senior HR professional with relevant experience of Africa.
- Excellent communicator and persuader. Energy, enthusiasm, commitment and stamina. Extensive travel essential.
- Must be able to manage large HR team in Africa from London. Clear thinking, highly organised and tenacious.

Please send full cv, stating salary, ref N0451 NBS, 54 Jermyn Street, London SW1Y 6LX



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Executive Secretary

CESD-Communautaire

CESD-Communautaire, a non-profit making association for statistical cooperation, based in Luxembourg, looks for immediate recruitment for its (m/f) EXECUTIVE SECRETARY.

He will be in charge of the animation of technical departments, co-ordination of activities and definition of general strategies. He needs to be a good manager, including human resources management, and to have a good handling of negotiation.

We are looking for a candidate satisfying the following criteria:
☐ age: between 35 and 55; ☐ professional experience in project management; at least 10 years; ☐ educational background: university degree or equivalent in economy, management or statistics; ☐ languages: perfect command of English and French; ☐ should like team work and handle easily contacts, and ☐ have an up-to-date knowledge of CEC cooperation activities and politics with developing and transition countries.

Interesting remuneration conditions are offered corresponding to qualification and experience.

Candidates from the European Union are treated with preference.

Please send your application, completed by a detailed up-to-date Curriculum Vitae, before February 11th to the following address:
 CESD-Communautaire, Ref.: REC/SE-94, EBBC B/S, route de Treves 2 - 6, L-2633 SENNINGERBERG - GRAND DUCHY OF LUXEMBOURG.

Management Consulting

Enviably career opportunity for an accomplished OR professional with sound financial modelling experience

London up to £30,000 + benefits

KPMG Management Consulting is one of the leading management consulting firms in the UK. The Business Modelling team, part of the Strategic Business Management Group, provides a wide range of operational research and related expertise to a diverse client portfolio spanning the public and private sectors. In response to forthcoming engagements, particularly in relation to financial modelling, KPMG are now seeking an additional high calibre consultant to join the team in this significant career role for a self-motivated and innovative professional able to offer:

- Good numerate degree plus an MSc in OR or MBA
- Proven track record of 1-3 years' success, which must include demonstrable experience of financial modelling projects
- Ability to solve complex technical problems within tight timescales
- Initiative, enthusiasm and excellent communications skills
- Ability to balance priorities in accordance with client needs

A competitive salary is offered to reflect experience and ability together with a comprehensive benefits package - all in a highly stimulating environment fully committed to individual training and development. To apply, please send your CV with full salary details to: Angela Tambini, KPMG Management Consulting, 8 Salisbury Square, London EC4Y 8BB, quoting ref. CMC 7922.

KPMG Management Consulting

ENERGY TRADING MANAGER

South East
Substantial salary
+ major benefits

Our client is a leading energy company in the forefront of development in the energy trading market. It has created a small, non-hierarchical team to manage a diverse trading portfolio.

The people and systems are in place. What is needed is a key individual to help drive this team forward into new territory.

You will be familiar with risk management techniques based on paper derivatives. You must be conversant with energy swaps and derivatives, preferably with an emphasis on electricity. In addition you must be innovative and creative, and show the ability to develop new products for

an increasingly sophisticated market. In this highly visible role, conducting business at board level both internally and externally, interpersonal skills will be paramount.

As you will be expected to make an immediate contribution, a background in electricity generation or trading would be a distinct advantage. However applications from any suitably qualified person with experience in the gas and oil industry, or an energy related financial business would be welcome.

Please send a full cv, indicating current salary, which will be forwarded to our client unopened. Address to the Security Manager if listing companies to which it should not be sent. Write to Ref: P6932/FT, PA Consulting Group, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR. The closing date for receipt of applications is 9 February 1994.

PA Consulting Group

Creating Business Advantage

Executive Recruitment • Human Resource Consultancy • Advertising and Communications

Investment Administration Manager

M3/M4 Corridor

to £50,000 + car

The investment management business of this progressive international finance services group has performed remarkably well over recent years despite difficult market conditions. Funds under management have grown strongly in the 1990s. Our client has high quality systems, an innovative range of products and a growing reputation, not least for its success in emerging markets.

The role of Investment Administration Manager is pivotal. Reporting to the Group Finance Director and managing a department of some forty staff, the successful candidate will be responsible for the efficient administration and control of all the Group's life, pension, unit trust and other investment funds. This will include pricing, accounting, compliance, custodian liaison and management reporting, as well as systems development and marketing support.

Candidates should be experienced managers of graduate calibre who have developed specialist knowledge of investments and the investment markets. They should be able to demonstrate a successful track record in the administration of complex unit trusts and funds in a high-quality, high-pressure environment. We are seeking someone with the maturity to guide and motivate a young team and the credibility to build a rapport with fund managers, regulators, custodians and trustees. This challenging role will suit a disciplined problem-solver with well-developed leadership skills.

Please reply, in confidence, quoting ref: A54C14 and enclosing your CV and details of current remuneration to Paul Carvosso, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

ECONOMIST/STRATEGIST

Investment Management - Global Policy

Prudential Portfolio Managers is one of the largest investors in the UK and, with over £60 billion under management, one of the prime players on global markets.

We apply the most advanced and innovative techniques to the investment management process. Central in the development and implementation of these strategies is the Global Policy Unit, a small, high calibre group of Economists, Market Strategists and Quantitative Analysts. To expand this team, we seek an Economist/Strategist who is eager to work within this intellectually stimulating environment.

You will be responsible for designated areas of the global economy, liaise with our offices around the world and play a major role in the asset allocation decision making

process. Ideally, you will have a degree in Economics plus several years' experience of economic or market analysis in fund management. Confidence, strong communication skills and a genuine interest in applying rigorous economic analysis to financial markets are prerequisites. Recent graduates, especially those with a relevant postgraduate qualification, are welcome to apply.

We offer competitive salaries, depending on experience, plus financial sector benefits.

Please write, enclosing your C.V., to Sarah Hampden, PPMSPS, Prudential Portfolio Managers Limited, 142 Holborn Bars, London EC1N 2NH.

We are an equal opportunity employer.

PRUDENTIAL
Portfolio Managers



Letter of Credit Professional

Excellent Package

London

Our client, MLIB, provides private banking services to high net worth individuals throughout the world. The Bank offers a wide range of products including collateralised loans, treasury products and related letter of credit services. Continued successful growth in the Bank's activities has created a requirement for an experienced professional to join the existing team. The successful candidate will be competitively rewarded including a full benefits package.

THE APPOINTMENT

- Contribute to the further profitable development of the Bank's letter of credit business.
- Exploit and expand existing client business and identify new market opportunities.
- Provide technical review of and assistance with proposals from bankers and clients.
- Ensure improved efficiencies in product delivery.

Please apply in writing with a full CV and salary details, quoting reference 1003/T, to Susanah Truswell.

THE REQUIREMENTS

- Minimum of five years' relevant background with strong technical knowledge of letters of credit.
- Evidence of having developed and driven new product initiatives through to delivery.
- Strong team orientation and client focus.
- Excellent intellectual and communication skills.

K/F Associates, Pepys House, 12 Buckingham Street, London WC2N 6DF

K/F ASSOCIATES
Selection & Search

LEOPOLD JOSEPH
MERCHANT BANKERS
FX DEALER

There is an opportunity to join an expanding team in the Treasury Department of a highly-regarded, quoted UK merchant bank.

The role involves trading in foreign exchange - primarily spot - in all major currencies as well as dealing in the money markets.

Candidates must be intelligent, highly-motivated graduates in their mid-to late 20s with a minimum of 3 years' experience of treasury markets and some experience of trading.

Salary is negotiable and will be commensurate with age and experience.

Write with full CV to: Bridget Anderson, Personnel Manager, Leopold Joseph & Sons Limited, 29 Gresham Street, London EC2V 7EA.

Member of IMRO

INVESTORS CHRONICLE

COMPANIES WRITER

We require an Investment analyst/financial journalist. The job is an interesting and responsible one, analysing the performance of major quoted companies and giving an informed comment on the shares. Each company writer has his/her own sectors but is expected to work as a member of the team.

Candidates need to be able to interpret a company's financial performance, assess its likely effect on the share price, and put this into clear, concise and entertaining language while meeting demanding deadlines.

Please send applications with CVs to:
The Editor, Investors Chronicle
Greyhound Place, Fetter Lane
London EC4A 3ND

CORPORATE COMMUNICATIONS AGENCY SEEKS EXECUTIVES

A leading, London-based, financial and corporate communications agency is seeking executives, at both senior and junior levels, to work in the UK/continental Europe.

Applicants should have skills in and knowledge of one, or more, of the following:

- INVESTOR MARKETING • CORPORATE FINANCE
- EUROPEAN CAPITAL MARKETS
- CORPORATE COMMUNICATIONS • MEDIA RELATIONS
- PUBLIC AFFAIRS/GOVERNMENT RELATIONS
- FINANCIAL PRODUCT MARKETING

Direct experience within a communications agency would be desirable, but is not essential. Fluent, continental European, linguistic skills are also an advantage.

Please apply, in confidence, to: Box No B1995, Financial Times, Number One Southwark Bridge, London SE1 9HL.

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Proprietary trader

- responsible for the US and Canadian \$ bond trading (Euro- and govt. bonds)

Proprietary trader

- responsible for the North American equity market

FX Trading - Forward dealers

- Book runners (futures, FRA's) and Market makers

The candidates should show good communication skills, initiative, team spirit and a good track record.

The jobholders will have close contact to our sales and private banking departments as well as to a large network of broker relationships. French language is not a pre-requisite, although it might be of convenience. We offer successful candidates a fully independent job and expect from them a high sense of responsibility. If you are prepared to meet the challenge, call or send your CV to Credit Suisse, Mr Pietro Soldini, Human Resources, C.P. 2153 1211 GENEVA - Switzerland, phone number (41) 22 393 29 33 / Fax (41) 22 393 24 74



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UK Institutional Funds Manager

City / Excellent package

The investment management arm of a leading international merchant bank continues to develop its pension fund management activities with considerable success. As a result, there is a need to strengthen the specialist team in this important growth area.

Priorities of the new role will include managing a designated section of institutional funds, undertaking investment research and analysis in key sectors of the UK equity market, and contributing to new business development initiatives. Career prospects are excellent for the right person.

A minimum of five years' investment management experience - preferably gained with a major investing institution - is essential, together with membership of the IIMR and a

degree in a numerate discipline. PC literacy, assured personal presentation skills and the ability to operate as a team-player are further key requirements.

The first-class salary package is backed by attractive benefits including profit-sharing, private health care and non-contributory pension scheme.

To apply, please send your full cv (including details of present remuneration) to Media System, Garden House, Cloisters Business Centre, 8 Battersea Park Road, London SW8 4BG, quoting ref 20211FT on the envelope. Your application will be forwarded directly to our client for detailed consideration, unless marked "security check" and noting separately any companies to which it should not be sent.



Associate Director, M&A Biosciences London-based

Technomark, a niche consultancy serving the pharmaceutical and related health care industries, is expanding its financial advisory activities, and now seeks an experienced corporate financier to participate in developing its cross-border M&A business.

The position offers an opportunity to manage deals fully, from identification of prospects right through to execution. The individual we seek will be energetic, independent and resourceful, and he or she will be highly rewarded for success. As part of a small professional team, you would have the additional support of a very experienced group of technical consultants.

A strong academic background and several years' experience in merchant banking, venture capital or corporate finance are required for this position, as also is an active awareness of the health care industry. Applicants should be seeking an opportunity for personal development within a young, entrepreneurial company.

Technomark Consulting Services Limited is a member of the SFA.

Interested candidates should write, enclosing an up-to-date curriculum vitae, to Joe Mason, Technomark Consulting Services Limited, King House, 5-11 Westbourne Grove, London W2 4UA. Fax: 071-792 2587.



Treasury Operations Manager

HALIFAX

Competitive Salary + Benefits

With total assets in excess of £60 billion, Halifax Building Society is one of the largest financial institutions in the UK. Our Treasury, based in Halifax, is responsible for interest rate and currency risk management for the Society, together with raising wholesale funds and the management of the Society's liquidity portfolio.

Due to internal reorganisation, we now need a Treasury Operations Manager. Reporting to the Treasury Manager, you will have day to day responsibility for the Settlement and Securities and Derivatives Support sections, which also involves controlling the recording of deals, and liaising with bankers and custodians.

Ideally holding a relevant qualification, you will also have had at least five years' experience in settlement and money transmission at a senior level. In addition you will possess good interpersonal and management skills, together with the ability to act quickly and effectively with initiative whilst under pressure to meet deadlines.

In return, you will receive a competitive salary based on experience, together with an attractive benefits package, including concessionary mortgage, car, private health care, and relocation assistance, where necessary.

PLEASE write with your CV, quoting current salary details, to: Assistant General Manager, Group Personnel (Ref HOP/TOM), Halifax Building Society, Trinity Road, Halifax, West Yorkshire HX1 2RG.

HALIFAX is fully committed to equal opportunities for all.



EMERGING MARKETS



SEARCH & SELECTION

GENERAL MANAGER (NEW SECURITIES OPERATION) LONDON

Our Client wishes to appoint an exceptional individual to set up and run a small (well-capitalised) securities business, within their existing corporate framework, to specialise in the Emerging Markets with particular emphasis on Latin America.

Applicants will require in-depth knowledge of the primary and secondary markets and will be experienced in investment management, fund management and administration. Due to regular liaison with regulatory bodies, including the SFA, proof of an excellent working relationship, based on mutual trust and respect is imperative. A knowledge of Portuguese and Spanish would be preferable, but is by no means essential.

The successful candidate, who will report to the Board of Directors, will be responsible for day to day business decisions and management of the company and its staff and is to be assisted by a compliance officer, who will have responsibility for the regulatory side of the business.

An attractive remuneration package will be offered to the right person, who may well be currently in a position of responsibility with an Investment Bank or Securities House, specialising in these markets. So if you are looking for a new and exciting challenge and feel that you can satisfy our Client's requirements, please send your CV in confidence to:

David Williams, Director
Emerging Markets Search and Selection
29 Masons Avenue London EC2N 5HT
A Division of Global Markets Recruitment Ltd
Tel 071 600 4744 Fax 071 600 4717

CREDIT/RISK ANALYSTS

£30-60,000 + Bonus + M/S + Banking Benefits
Banks/Other Financial Institutions and Corporates in United Kingdom, Scandinavia, Germany, France, Italy and Spain

1993 has brought to Jonathan Wren Executive a burst of exclusive assignments from major client banks, who require experienced senior, junior analysts and credit managers who are ready for that vital next career move. We are especially interested in candidates who can demonstrate particular credit experience and skills in corporate credit, bank analysis and analysis of other financial institutions including insurance companies, funds, etc. If you are a graduate with formal credit training, knowledge of capital markets, derivatives, treasury products or corporate finance, project finance, ratings advisory and you are currently working for a major bank, either on a trading floor or for origination units...

Send detailed CV to Ron Bradley Executive Recruitment Consultant.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 1242

JONATHAN WREN EXECUTIVE

A leading international bank seeks to expand its London team of asset swap specialists by recruiting an individual with a good track record in:

FLOATING RATE ASSET SALES

(German speaking countries)

Responsibilities will be to:

- Maintain existing client relationships
- Expand client base in Germany, Austria and Switzerland
- Sell innovative floating rate and structured products to major investors
- Contribute to the team's daily pricing and structuring decisions

Profile:

- 25-35 years old, with at least 18 months experience
- Fluency in German and English
- Some knowledge of Asset Swaps and Derivatives
- SFA registration helpful

Package includes:

Excellent salary and bonus, with relocation expenses where appropriate.

Enquiries in confidence to Matthew Hill at Nicholson International Search & Selection, 64-78 Kingsway, London WC2N 6AX, England. Fax no: (071) 604 8128 or to Philip Davidson at Nicholson International, Holzhausen Strasse 44, 60322 Frankfurt/Main, Germany. Fax no: (069) 596 3375. Alternatively call first for an initial discussion on (071) 604 5501 for Matthew Hill or (069) 59 80 34 for Philip Davidson.



NICHOLSON INTERNATIONAL

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Slovakia

EXCEPTIONAL ACHIEVEMENTS . . .

UNACCEPTABLE PROSPECTS

Outstanding opportunities with a number of our leading institutional clients are available if you satisfy these challenging criteria:

- you have a first class or 2(1) honours degree and uniformly excellent academic results
- your track record in merchant banking, broking, fund management, other financial services or the professions demonstrates exceptional competence
- you are a strong and confident communicator
- you are determined to develop your career to a high level of seniority within the financial services sector
- you are between 25 and 36 years of age

There is a high probability that you will be able to make a choice amongst your preferred institutions.

Please call Jim Stallard or Judith Burdon on 071-405 4571 or send your CV to:



Applied Management Sciences Ltd
26/28 Bedford Row
London WC1R 4HE
Tel: 071-405 4571
Fax: 071-242 1185

Search and Selection Consultants

ASSOCIATE MIDDLE EAST PROJECTS

We are a Middle Eastern based property management and advisory company and are seeking an MBA qualified candidate for the position of Associate - Middle East Projects based in London. You will be fluent in English and Arabic. A working knowledge in an additional European language would be a distinct advantage. You must have a good knowledge of Islamic investment and financial instruments, and extensive experience in designing and marketing international investment projects appropriate for Arab investors. Excellent presentation skills and highly developed negotiating abilities are also essential. Please send full CV and references to:

Box B1993, Financial Times,
One Southwark Bridge, London SE1 9HL

COMPLIANCE SPECIALIST

Financial Services

Dublin

Our client, a prestigious financial services organisation based in Dublin, wishes to appoint a high calibre Compliance Specialist.

Reporting to the Chief Executive, the successful candidate will be responsible for ensuring that the organisation conducts its business in accordance with the relevant regulatory environment.

Candidates should be graduate qualified accountants with significant compliance experience, including a good working knowledge of SFA and Stock Exchange rules and regulations. Equally important will be personal qualities, including communication and self starter abilities.

Salary and benefits will be attractive and at an appropriate level for this senior position.

Candidates should write in confidence giving career details and quoting reference RO3 to:

Michael Lenahan, P-E International,
24 Fitzwilliam Place, Dublin 2. Fax 353-1-6614292

P-E International

FX-Spot Dealer

Scandinavian Currencies

Banque Nationale de Paris is one of the world's largest banking organisations, actively participating in a full range of international financial operations.

As part of our continued development, we now wish to recruit an experienced Spot Trader to specialise in Scandinavian currencies.

The successful candidate will ideally be aged between 25 and 32. Emphasis will be placed on depth of experience to date and potential to make a full contribution to our profitability. An ability to communicate adequately in Swedish would also be a valuable asset.

A competitive salary plus dealing bonus, company car and usual banking sector benefits are offered.

If you have the experience we seek, please write with full career details to Paula Keats, Personnel Manager.

Banque Nationale de Paris p.l.c.,
PO Box 416, 8-13 King William Street,
London EC4P 4HS. Tel: 071-895 7223.



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Our client is a leading International Bank. With a presence in over 80 countries and a network of 3,500 offices in Europe, this bank is well positioned to capitalise on the recent upturn in cross-border M&A activity.

An opportunity exists for an outstanding M&A professional (3-5 years experience) to join a growing London based team. You will be responsible for the successful origination and execution of international crossborder business, with a special focus on UK/French transactions and N. American clients with European requirements.

Aged 30-35 you will have gained a good first degree and obtained a professional qualification ACA (first time passes) or MBA (top quartile) from a leading firm of accountants or top business school. You will be able to demonstrate a working knowledge of the French regulatory environment and a track record of successful transactions in the French/UK corridor. Fluency in French and knowledge of German is essential.

For further information please call Julian Davey on 071-638 9205. Or write to him, at The Zarak Hay Partnership, 6 Broad Street Place, Blomfield Street, London EC2M 7JH. Confidential fax 071-588 2942.

THE ZARAK HAY PARTNERSHIP

مكتبة المصطفى

BANKING FINANCE & GENERAL APPOINTMENTS

**U.S. EQUITY RESEARCH ANALYST:
EMERGING GROWTH COMPANIES****Competitive Package****London**

Oakes, Fitzwilliams & Co. Limited is a small London-based investment bank specialising in financing emerging growth companies located in the US. We will be hiring an equity analyst to produce comprehensive research on our diverse portfolio of corporate clients.

The Position

- Organising a research effort in order to produce a steady flow of research notes and updates on our portfolio companies and to maintain constant contact with them through company visits.
- Presenting research to institutional investors in conjunction with our sales team.
- Participating in deal selection and due diligence.
- Contributing to Oakes, Fitzwilliams's internal thinking on equity sectors and identifying attractive investment opportunities.

The Candidate

- Good degree and possibly post-graduate qualification.
- At least three years of equity market experience in research, sales, portfolio management or corporate finance, preferably in the emerging growth sector.
- A firm grasp of balance sheet, cash flow, corporate finance and financial modelling concepts.
- Strong analytical ability, and excellent written and oral presentation skills.
- A self-starter able to work in a small, high-performance team.

Please send a CV and cover letter in confidence to:

Zoe Jessop
Oakes, Fitzwilliams and Co. Limited
Byron House
7-9 St. James's Street
London SW1A 1EE

OAKES, FITZWILLIAMS & CO. LIMITED
Member of the SFA and the London Stock Exchange

**DERIVATIVE
FUND
MANAGER**

A subsidiary of the Edmond de Rothschild Group is looking to add to an experienced fund management team which specialises in the use of derivatives.

Applicants should have at least 2-3 years experience either in derivatives trading, or in the advising and managing of derivatives in portfolios.

Candidates with computer skills and a good degree, ideally in a numerate subject, will be preferred.

The company offers a competitive remuneration package with a full range of benefits.

Please write with a full C.V. to

The Managing Director,
L.C.F. Edmond de Rothschild
Fund Management Limited,
Orion House, 5 Upper St.
Martin's Lane,
London WC2H 9EA

**Corporate Finance
City**

KPMG Corporate Finance is amongst the top ten UK advisors on public and private transactions having doubled the number of successful deals completed in 1993. We advise clients on acquisitions, disposals, bid defences, takeovers and mergers, management buyouts and privatisations.

The London team of some 70 people includes accountants, solicitors, merchant bankers and MBA's. Experiencing strong demand, the team is seeking to recruit at the Executive and Manager levels.

Aged in their twenties, candidates are likely to possess a professional qualification. A strong academic background coupled with excellent communication skills and flair are also seen as important. A foreign language capability will be an advantage. Previous corporate finance experience will not be required for those candidates applying at the Executive level. We seek up to 4 years' relevant experience at the Manager level.

A competitive remuneration and benefits package will be offered together with the opportunity to develop a career based on a wide range of corporate finance experience coupled with a comprehensive training programme.

Interested applicants should in the first instance write, enclosing full career and remuneration details, to Anna Ponton, KPMG Selection & Search, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE, quoting reference C922/S.



Corporate Finance

KPMG Corporate Finance is a practising name of KPMG Peat Marwick.

**INSURANCE COMMISSIONER -
PAPUA NEW GUINEA**

The Commissioner currently has licensing and regulatory powers for the general insurance industry. Legislative reforms proposed for 1994 will add responsibilities for life and superannuation.

Conditions of employment include a gross salary of approximately US\$57,000.00 plus free housing, vehicle and other expatriate benefits. The initial contract is for 36 months.

Applicants should have very extensive insurance experience with demonstrated capacity to handle regulatory aspects of general, life and superannuation.

Applications in writing to:

Acting Insurance Commissioner
P.O. Box 122
Port Moresby
PAPUA NEW GUINEA

within 28 days of this advertisement.
Phone inquiries to JIM LAMONT (675) 213355.

CORPORATE FINANCE

SEVERAL TOP HOUSES - are looking for exceptional people with a minimum of 3 years solid transaction experience in the following areas:

- Corporate Finance/Equity Underwriting
- Project Finance
- M & A - Privatisation - emerging Markets

Fluency in a minimum of one European language / MBA graduate / age 25 to 35. Salary negotiable dependent on experience.

For further details please call on 071-377 6485 or send fax your CV to us. All applications are treated in the strictest confidence.

CAMBRIDGE APPOINTMENTS
232 Shoeburyness High Street, London E1 6PL Fax No. 071-377 0887

**SALES PROFESSIONALS
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Our client is one of the World's leading providers of real time financial news and price information to the City.

They need high calibre, achievement orientated sales professionals to join their existing and expanding team.

You should have at least two years' sales experience in the financial markets and be able to provide a record which confirms your account management and new business sales abilities. In addition you

must possess excellent communication and presentation skills plus a good understanding of financial instruments and the way the securities markets operate.

They offer an excellent rewards package plus career development opportunities in a dynamic environment.

To apply, write with your CV to John Catanach, Dept FT/26

Geoffrey Cameron
Associates Ltd.
279 Gray's Inn Road,
London WC1X 8QF

**GEOFFREY
CAMERON
ASSOCIATES
LIMITED**
RECRUITMENT SERVICES

CORPORATE BROKER

Our established team is looking to broaden its activities in the corporate moneymarket sector and we now seek an experienced individual in corporate banking/broking.

We expect the successful applicant to bring a portfolio of current contacts and we offer competitive remuneration and benefits in return.

Please send a current CV and covering letter stating salary to:

Mrs G Pearson, Personnel Officer, M W Marshall (Financial Services) Ltd.,
Lloyds Chambers, 1 Portoken Street, London E1 8DF

Closing date for applications is 4th February 1994.

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FINANCIAL TIMES
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Pitfalls in the way of a better understanding

Andrew Jack considers a book that questions whether financial reports can ever tell the whole story

On September 14 1990, Carr, Kitchin & Aitken, the City Investment analysts, circulated a report recommending that clients buy shares in Polly Peck International at the current price of 280p. The author predicted a substantial improvement in pre-tax profits for 1990 and 1991.

Just six days later, Polly Peck, the conglomerate controlled by Mr Asil Nadir, saw its shares plummet to 108p before they were suspended on the Stock Exchange. The rest is turbulent history: raids by the Serious Fraud Office, the appointment of administrators to the company under UK insolvency law, evidence of enormous misappropriations of funds, and Mr Nadir illegally jumping bail to flee to northern Cyprus.

Yet while much attention has been given to the machinations of the company, its executives and investigators since that date, rather less has been paid to the question of the financial information present in the company's accounts and whether the warning signs were clear well in advance.

Trevor Pijper, an accountant in the technical department of Ernst & Young in London, attempts to set that right as part of his book on creative accounting. At its core is the question of whether reports of financial results will ever be satisfied by the information they could possibly contain.

In the preface, Pijper says he wrote the book in part as a critical response to another on creative accounting which was published in 1992: *Accounting for Growth*, by Terry Smith, the City analyst. He believes

Smith's approach of grading companies by allocating them "blobs" for each accounting "trick" they used was too simplistic.

He takes readers through the elements of company accounts, suggesting that there is no single correct way to present information in all circumstances: how to allocate credits or goodwill, at what point there is dominant influence or control, the limitations of the components of both the numerator and the denominator in any gearing calculation. Accounts are crude attempts to deal with complex problems, he argues.

Pijper cites approvingly an article in 1991 by David Gwilliam and Tim Russell of Cambridge University. They examined the role of Polly Peck's analysts, and concluded that they seemed more willing to pay attention to information provided by the company than the "danger signs" shown in the accounts.

He calculates a series of five-year trend ratios on the company which he says auditors sometimes use to highlight points for discussion with management. In Polly Peck's case, it suggests concerns such as possible future financing strains and declining profit margins.

He also recasts the source and application of funds statement into the newer cash flow format with the aid of footnotes in the 1989 accounts, to show how far Polly Peck was dependent on new finance from its bankers and shareholders to run its existing operations. The message is clear. A skilled reader of accounts could have seen the troubles afoot.

The danger of this approach, of

course, is the benefit of hindsight. Many similar warning signs could be drawn from other companies that have not collapsed and may not do so. It also neglects the considerable question marks over the reliability of the figures published, making their examination far less relevant.

It is nevertheless an important theme to which Pijper returns often in his book. He cites the case of Trafalgar House, the construction, property, shipping and hotels group, which triggered the first real confrontation for the Financial Reporting Review Panel, the enforcement arm of the new machinery established alongside the Accounting Standards Board as result of the 1988 Companies Act.

After some initial brinkmanship, the company amended its 1991 treatment of a revaluation and reclassification of properties between current and fixed assets under pressure from the Review Panel.

Yet Pijper highlights the fact that all the necessary information was disclosed in the accounts, though analysts apparently ignored it. He interprets the episode as a demonstration of the power of the panel, but more importantly as a reminder of its limitations. All it did was to clarify presentation, and not, for example, to comment on the appropriateness of the valuations adopted.

A welcome aspect of the book is that it attempts to consider the new financial reporting machinery, although this presents a moving target given the current pace of change. In the case of the review panel, he

argues that it can only deal with external, disclosed factors and not confirm the correct use of accounting policies.

More generally, he sees the development of new accounting standards as part of an increasingly regulatory response to concerns over the quality of financial information in the last 20 years. But - citing the activities of the urgent issues task force and the intention of standards-setters to revise even their new regulations every two years - he suggests that there will always be loopholes and never a watertight rulebook.

While he says there can be no doubt about the enthusiasm of the Accounting Standards Board, he questions how far its activities are meeting its objective to "provide shareholders and creditors with an adequate basis for understanding a company's accounts and its financial position".

Pijper is not always able to follow through and connect the different threads of his arguments. For example, he builds up a good explanation of the motivations for creative accounting. Manipulating profits can help companies make acquisitions, gain access to finance and swell directors' remuneration, he says. He is less able to say whether manipulation takes place as a result, or how widespread it might be.

After raising a number of important questions, he sometimes lapses into detailed recitations of new standards and regulations and vague speculations, rather than providing answers.

Without much exploration, he makes one of his most original and radical points in a single sentence at

the end: that there should be economic penalties for preparers who fail to provide to informed users the information needed for sensible decisions.

The most depressing aspect of the text is that it essentially ends up as a defence of the accountability profession. The conclusion seems to be that trained accountants are the best and perhaps the only people equipped to prepare and interpret financial statements.

As a result, he takes the establishment line in suggesting that education to combat ignorance of the limitations of accounts needs most emphasis. In a spirit of defeatism, he also argues that users of accounts other than controlling shareholders have little choice but to place their faith in the stewards chosen to manage the finances of the companies in which they have invested. In that vein, he fails to address the extent to which some greater standardisation or modification in disclosure requirements might help improve accounts for a range of different user groups.

Nor does he touch on the potential vulnerability as a result of commercial pressures on auditors in approving accounts of which they disapprove, let alone of their potential active complicity in devising treatments which may not be designed with transparency and disclosure most in mind. Those who most escape his criticism are the accountants themselves.

But the book is a welcome contribution in the debate on the changing face of accounting in Britain.

*Trevor Pijper, *Creative Accounting*, Macmillan, £75

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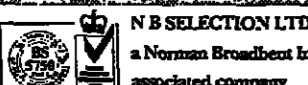
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Finance Director Designate

North Humberside

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Morgan Grenfell provides international merchant banking services to clients worldwide. The range of products and the client base are continually expanding. This growth has created the need for an innovative Lawyer to complement the Bank's high profile Group Tax team in London.

This newly-created position will allow considerable autonomy in developing methods to enhance the tax efficiency of the Group's operations at home and overseas. The role will focus on planning exercises, legislative developments and liaising with business areas on new products and structures.

Candidates will be qualified Lawyers (probably aged late 20's to mid 30's) who can combine commercial flair with strong analytical and problem-solving skills. You will have a minimum of three years' relevant post-qualification experience with exposure to tax legislation, particularly in banking and related products. This experience may have been gained in the tax department of a major law firm, international accountancy practice or financial services organisation.

There is an attractive remuneration package which will include a company car, mortgage subsidy and a non-contributory pension scheme.

For further information contact our advising consultant Barrie Pallen on 071 379 3939 (office hours) 081 651 0360 (evenings/weekend) facsimile 071 379 8709, or write enclosing brief details to BPA Search and Selection Limited, Acre House, 69-76 Long Acre, London WC2E 9AS.

All enquiries will be treated in strictest confidence.

MORGAN GRENFELL

Finance & Business Planning Manager

New IT Services Business

c.£40,000 + Benefits + Car

Manchester Area

Unique opportunity for finance professional to set up a finance/business planning function in new customer facing business within an internationally renowned British Group.

THE COMPANY

- ◆ Sizeable IT services department to be right-sized, refocused and reskilled. Plan to launch early 1995 as wholly owned subsidiary.
- ◆ Focus on facilities management; systems integration; business systems development; desk top support; project management.
- ◆ £5m + investment; targeting £15m turnover. Internal and expanding external client base.

THE POSITION

- ◆ Establish finance/business planning team. Work with senior management to develop business strategy.
- ◆ Implement financial reporting, management information and business planning systems.

- ◆ Manage service contracts. Support business growth. Build internal and external relationships.

QUALIFICATIONS

- ◆ Graduate qualified Accountant. Probably aged early to mid 30's.
- ◆ Exposure to all aspects of financial control and business planning, preferably within a service industry.
- ◆ Strong commercial acumen. Effective in a start up and growing business.
- ◆ Flexible, energetic, robust. Ability to lead, manage and to work in multi-skilled project teams.

Please send full cv, stating salary, Ref MN0453 NBS, Courthill House, Water Lane, Wilmslow, Cheshire, SK9 5AP

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Finance Manager
Crowthorne, Berks

TRL has been an Executive Agency since April 1992. It is located at Crowthorne in Berkshire. Its function is to supply advice, research, research management and consultancy on transport matters, particularly matters to do with roads and their use. It has over 600 industrial and non-industrial staff, with a very wide spread of disciplines. About 400 are professionally qualified, the majority in scientific and technical fields.

The Agency has recently introduced and is continuing to develop a new management information system built around a general ledger package and incorporating a variety of sub-systems. The system enables the production of both financial and non-financial management information. Using the general ledger package the agency produced draft unaudited commercial accounts for the 1992-93 financial year and expects to produce its first audited accounts for the 1993-94 year.

DUTIES: As Finance Manager, reporting to the Finance Director, you will take the lead in producing commercial style accounts and financial management information for the Board and other users on a regular basis and annual commercial accounts for audit and incorporation into TRL's Annual Report. You will be responsible for nearly twenty staff reporting in through line managers and will continue the process of introducing commercial accounting and financial control procedures into the department.

A qualified accountant and member of one of the CCAB accountancy bodies, you will have had recent commercial experience covering both financial and management reporting. Whilst commercial experience is a prerequisite some knowledge of public sector accounting would also be useful.

The post, which is for a fixed three year period, will attract a performance related salary in the range £24,238 to £37,539.

APPLICATIONS: Standard application forms can be obtained from Miss Y Stanford, Personnel Section, TRL, Old Wokingham Road, Crowthorne, Berks RG11 6AU. Tel: 0344-770543. Applications should be submitted to Mr D Gales at the above address. Please quote Ref: 3/94.

Closing date for receipt of applications is 25 February 1994.

We're an equal opportunity employer.

**Group Treasurer**

North of England

c.£45,000, car, bonus, benefits

Outstanding opportunity for first class Corporate Treasurer to support Group Finance Director in upgrading Group's treasury operations. Highly strategic role in truly international PLC with dynamic young management team, exceptional record of acquisitive growth and strong commitment to continued success.

THE ROLE

- Total control of all aspects of treasury management in complex multi-currency environment
- Responsibility for the enhancement of treasury systems and the management of banking arrangements to maximize earnings and net worth
- Work closely with Group Finance Director to maintain relationships with clearers and optimize utilisation of surplus funds on a global basis.

THE QUALIFICATIONS

Exceptional young graduate treasurer. Preferably ACT qualified. Commercially minded, hard working, team player

- Previous experience of the development of treasury systems in an international environment, coupled with a practical understanding of making maximum use of available capital instruments
- Demonstrable strategic vision, strong technical background, complemented by a high level of personal communication skills to raise treasury awareness and ensure implementation of policy throughout the group.

Please reply in writing to BHM Search & Selection 27 York Place Leeds LS1 2EY enclosing a full curriculum vitae and quoting Reference BHM 10063. Telephone 0532 467033 Facsimile 0532 470191.

BHM
SEARCH & SELECTION**Systems Accountant**
£ Attractive & Banking Benefits

Our client is a prestigious British merchant bank which enjoys an excellent reputation in the UK and worldwide. The continued drive to enhance the quality of its systems infrastructure has resulted in the need to recruit a high calibre individual to join the financial management team.

Based in the City and reporting to the bank's Financial Controller you will be responsible for ensuring that the system requirements of the Finance Division are understood, managed and met. This will include designing and implementing enhancements to existing systems and identifying where "off the shelf" solutions should be used. Working closely with I.T. specialists and the business units you will interface with colleagues and management at all levels.

Interested candidates should write quoting Ref 259 to BBM Associates Ltd (Consultants in Recruitment) at the address below indicating what attracts them to the position and why they consider their experience to be appropriate. Please enclose a full curriculum vitae which includes contact telephone numbers. All applications will be handled in the strictest of confidence.

76, Watling Street, London EC4M 9BJ

BBM
ASSOCIATES

Tel: 071-248 3653 Fax: 071-248 2814

Finance Director Engineering Products

North West

Up to £40K Package + Excellent Bonus Potential + Car

This is an exciting opportunity to join a well established company operating in a range of international markets, which is a strategically important part of a quoted engineering plc.

As a key member of the management team, which is committed to continuing the growth and evolution of this multi-sited operation, this position will be located in their head office in the North West. The role will focus on the following:-

- the implementation of strong financial controls;
- the willingness to embrace an environment of change;
- the ability to make a significant contribution to the business.

First hand knowledge of selecting and installing a fully integrated manufacturing and financial information system is essential, as is a thorough understanding of financial modelling techniques.

Candidates will be qualified accountants, preferably with a degree, and having a proven background at a senior level within a manufacturing environment. It is unlikely that anyone under 35 will have the necessary experience to fill this role.

Excellent personal presence, drive and good analytical skills are important requirements. The successful candidate will enjoy initiating change and adopting a hands-on management style, interfacing with all aspects of the company's operations.

This is a growing organisation which can offer first-class prospects for career development, including the possibility of a move into general management.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 1028 on both letter and envelope, and including details of current remuneration and availability.



SEARCH & SELECTION

1 WATERLOO STREET, BIRMINGHAM, B2 5PG. TEL: 021 633 4844
A GKRS Group Company

GLOBAL ASSET MANAGEMENT

COMPLIANCE OFFICER

High visibility in financial services

Isle of Man

£ attractive package

Global Asset Management has a pace setting track record of growth based on the expansion of its fund and portfolio management services. It has an enviable private and institutional client base and over US \$7 billion under management. Its business spans seven locations worldwide, including the Isle of Man which is the centre of its operations and administration activities.

Due to an internal promotion, a new Compliance Officer is needed to build and lead a team of seven people focusing on compliance and control.

The objective is to ensure that the Isle of Man and Dublin businesses comply with regulatory requirements, are adequately controlled and that their operational efficiency is optimised.

The person appointed will be a qualified chartered accountant or lawyer with at least 5 years' post

qualification experience in audit or compliance.

An in depth understanding of Financial Services, in particular portfolio administration, is essential. Excellent communication skills, a commitment to excellence and the ability to promote and develop the compliance function within a world class financial services company are prerequisites.

This is a rare opportunity to join a dynamic group and make a quantifiable contribution to its effectiveness whilst working in an idyllic location with attractive tax advantages.

To apply, send or fax in confidence with concise career, personal and salary details, quoting reference number 4409, to advising consultants, Goodman Graham & Associates, 8 Beaumont Gate, Shenley Hill, Radlett, Herts WD7 7AR. Fax: 0923 854791.

FINANCE ACCOUNTANTS BASIS TO TRAIN IN FINANCIAL MANAGEMENT

London

To £40,000 + Car

Touche Ross Management Consultants has built a formidable treasury consultancy practice. It provides treasury services to over a quarter of the UK's top 100 companies, numerous other multinational businesses and many major financial institutions. We need qualified accountants or MBAs to undertake a treasury management training programme. This will give you experience of applying leading edge treasury techniques by working on financial risk management assignments. The programme also includes structured courses in relevant subjects including financial mathematics, market behaviour and information technology. We are also prepared to sponsor you for the membership examinations at the Association of Corporate Treasurers and to give generous study leave.

Candidates are likely to be aged between 24 to 30, and will have a good honours degree, preferably in a quantitative discipline. Accountants should have qualified with one of the major firms and MBAs should have experience in a blue chip corporation or financial institution.

Some previous treasury experience in a corporate or financial institutions environment would be helpful but is not essential as full training will be given. Please send a career résumé, including salary history and a daytime telephone number, quoting reference 3349/FT to Stuart Rosen, Touche Ross Consultancy Recruitment, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Touche
RossRecruitment
Specialists

MANAGEMENT CONSULTANTS

FINANCE MANAGER

Solicitors
Covent GardenFCA/ACA
£35K - £42K

This is a newly created position, heading up a small team and reporting directly to the Managing Partner.

The successful candidate will be required to take responsibility for the finance function including internal control and reporting procedures, budgeting, and the preparation of management and financial accounts. He/she will also be expected to provide advice to the partnership on internal taxation and insurance issues.

Fully qualified, and demonstrating a mature and flexible approach, the successful candidate will be able to demonstrate considerable post qualification experience gained primarily in a partnership environment. The technical, innovative and interpersonal skills necessary to contribute to the development of the practice will be prerequisites.

Applications, in strictest confidence, to:

The Personnel Manager,
Hempsons Solicitors,
33 Henrietta Street, Covent Garden, London WC2E 8NH.
Please state current salary and day time telephone number.

HEMPSONS SOLICITORS

TECHNICAL MANAGER

KATO seeks an accountant or MBA graduate who:

■ is well versed in finance and tax matters as they affect smaller businesses

■ enjoys client interaction and understands what it means to be client focused

■ has excellent communication skills, especially writing

■ is keen to identify and help to launch new products and services.

A directorship could be open to the right candidate within a year.

KATO has an established reputation as a supplier of client newsletters and other published products to the accountancy profession - mostly to support marketing by practising firms. This is a growing market in which KATO aims to remain a lead player.

Salary is negotiable (in line with remuneration packages paid by practising firms) - minimum £30,000 pa.

Apply enclosing a hand-written letter and cv to Kate Atchley, KATO Communications, 16 Apollo Studios, Charlton Kings Road, London NW5 2SB.

KATO COMMUNICATIONS

IF YOU KNOW WHAT ABSA IS YOU COULD BECOME OUR FIRST HEAD OF FINANCE & ADMINISTRATION

ABSA? The Association for Business Sponsorship of the Arts. Our role is to help attract the £57 million that companies contribute to Arts sponsorship every year.

And to guide Arts organisations looking for sponsorship themselves.

Our success means we now need our first head of finance and administration. You would be responsible for our financial management, for administration and for human resources. You would be part of our senior management team, reporting directly to our Director General.

Your salary would be at least £27,500. And if you are interested in the Arts, you would be working at something you really enjoy.

For application forms and further details please write to: Sally Donegan, ABSA, Nutmeg House, 60 Gainsford Street, London SE1 2NY. The closing date for receipt of applications is 10th February.

ABSA strives to be an equal opportunities employer. ABSA is a registered charity.

APPOINTMENTS WANTED

FINANCE PROFESSIONAL

Qualified Accountant, aged 35, excellent track record as team leader and team player with unusually high level of commercial acumen plus proven skills in Management and statutory accounting, MIS and Treasury.

Tel: 081 994 6610 or write to Box B1996, Financial Times, One Southwark Bridge, London SE1 9HL

COMPANY ACCOUNTANT, London (French speaker) c.27K

Well-established, int'l exclusive jeweller, small ongoing team. Must be qualified & speak French.

LINK LANGUAGE
APPOINTMENTS
071 408 2150

FINANCIAL SELECTION CONSULTANT

Package £50-£100,000

Central London

Recruiting qualified accountants since 1960, Antony Dunlop Associates is now part of a City backed multi-recruitment group. They deal with over 80 of the UK's Top 100 quoted PLC's as well as many other major UK and international companies and banks. Unhindered by bureaucratic layers of management, their commitment to quality service and standards has enabled them to dramatically increase both market share and profitability during the recession.

In order to further satisfy their hunger for growth, Antony Dunlop Associates now seek to appoint experienced consultants in the permanent and temporary fields, who will form the basis of an elite group whose ambition is to dominate the UK financial recruitment market.

Individuals who might consider themselves for these opportunities are likely to have ambition, enthusiasm, commitment, imagination, drive and flair as well as a good sense of humour.

In return for your contribution and commitment Antony Dunlop Associates offers an entrepreneurial, fast moving environment, well above average industry earnings, exceptional career opportunities, state of the art computer facilities and on-going personal training.

To ensure that you are part of this success, for further details, please contact in strictest confidence Gary Lawrence, Managing Director, at the Management Resource Group plc, Hanover House, 75/74 High Holborn, London WC1V 6LS. Telephone 071-831 7278 Fax: 071-450 1435

THE MANAGEMENT RESOURCE GROUP PLC

FINANCE DIRECTOR

c. £50,000 + Car + Benefits

Central London

Our client is one of Europe's leading advertising research and information groups, with headquarters in the UK.

The successful candidate will be aged 35-50, FCA or ACA, and will have experience in service businesses, possibly in the media industry.

You will play a key part in the long-term development of the group, and your responsibilities will include:

- Management of a full accounts department (12 people)
- Dealing with bankers, lawyers and external accountants
- A "hands-on" contribution to both the financial performance and the financial reporting of the Group
- Providing wise counsel to the MD at both the strategic and operational levels.

Fax CV directly to 071 586 3316 or mail to:

David Bartram Financial Recruitment,
3 Poland Street,
London W1V 3DG

FINANCIAL CONTROLLER REYNARD ENGINEERING GROUP LTD

Reynard design and manufacture high technology engineering products including racing cars for Indy and F3000 worldwide. Annual sales £10m, 100 employees.

In addition to holding a recognised accountancy qualification the successful candidate will have relevant experience in a technology driven, competitive engineering environment. He/she will be capable and comfortable dealing with directors, senior managers and customers on a daily basis, and be able to provide innovative solutions to the challenging business problems in this fast moving environment.

Salary c.£45k. Interested parties should apply in writing together with CV to: Dr A. Reynard, Reynard Engineering Group Ltd, Telford Road, Bicester, Oxon OX6 6UJ.

MANCHESTER & SALFORD INTERNAL AUDIT CONSORTIUM



Director of Audit

The Consortium which was formed in 1991 by the Universities of Manchester, Salford and Manchester Metropolitan wishes to recruit a Director to assume responsibility for the management of a full range of internal audits.

The Consortium has established a strong reputation for professionalism within the Universities and it has developed relationships with the Universities external auditors' and Central Government Agencies.

The role of Director is a challenging and demanding one, requiring considerable professional and managerial skill and strong communicative abilities.

In addition to planning and overseeing the activities of 12 professional staff the successful candidate will maintain strong links with the executives and Audit Committees of the three Universities. The Consortium has expanded since its inception as a result of growth within the Universities and most recently by the award of a 3 year contract to provide internal audit services to UMIST. Further strong growth from within the Universities and potential external clients is anticipated.

The remuneration package will be negotiable but it will not be less than £35,000 per annum.

Candidates wishing to discuss the position informally may do so by telephoning the current Director, Mrs Anne Clare on 061 274 4660.

Applications, in the candidates own style, to include current position and salary, and the names of three referees, one of whom must be current employer, should be submitted in confidence to: Mrs Susan Rutherford, Personnel Manager, The Manchester Metropolitan University, All Saints, Manchester M15 6BH. Tel: 061 247 3300. Further particulars will be provided on request.

Closing date for receipt of applications is 18th February 1994.

Our client is a Canadian energy service company. Their international division provides corrosion and mechanical coating systems to the global pipeline industry. This division has a successful history of mobilizing project plants to meet the pipe protection needs of large clients. Based in South East Asia we require:

ITRL

MANAGER FINANCE / ADMINISTRATION - SOUTH EAST ASIA -

You should hold a recognized accountancy qualification, and have a strong manufacturing background and be proficient in the preparation of financial statements, budgeting, financial analysis and production costing. You must also be skilled in contract administration and bid preparation and have international experience. Reporting to the V.P. International, you will initiate this function and grow the office to meet the expanding financial and administrative requirements associated with international project work. Systems and Human Resources responsibilities will be part of this role.

While your initial priority and responsibilities will relate to our South East Asia project, your scope will continue to grow as you assume financial accountability for other planned projects throughout the world.

You can expect the salary, benefits and allowances to reflect the importance of this position.

Send your résumé to

Sandy Yeomans/Tony Smith, ITRL Ltd., 56 High Street, Harston
Cambridge CB2 5PZ. England Fax 0223 872212.



Traditional Goodness

Accountant - North Wales

Grampian Country Food Group, one of the largest fresh and frozen chicken producers in the UK have recently acquired Cymru Country Chickens Ltd., based in Anglesey. The opportunity now exists for a high calibre accountant to join the management team and act as the company's senior finance person.

The company's integrated operations are run through three divisions, Hatching, Rearing and Processing of 240,000 birds per week at the company's automated production plant dedicated to processing chickens for the major retail trade.

This is a senior management position with the opportunity to build a supporting accounting team. It will require the ability to control and develop the existing accounting, reporting and management information systems and play a full part in influencing the profitable growth and commercial development of the business.

Food processing experience is not as important as the ability to demonstrate achievement in a demanding industrial environment.

An excellent remuneration package will be offered, including a company car and the benefits of working for a highly progressive group of companies. Re-location will be available, where necessary.

If you believe you can make a major contribution to the on-going success of Grampian Country Food Group, please reply in writing, including full C.V., and full salary history to:-

Group Human Resources Manager, Grampian Country Food Group Limited,
Coulman Street, Thorne, South Yorkshire, DN8 5JT

The closing date for applications is 11th February, 1994. No Agencies.

Grampian Country Food Group

Director of Finance and Administration

c.£37,000

This new post has been created to support the development of Edinburgh's Telford College as we move forward in the post-incorporation period. With a budget of around £15M, 800 staff and 14,000 students, the College is one of the largest in Scotland and is undergoing rapid change and growth. This is an exciting opportunity for an ambitious manager to contribute to the College's continuing success.

Reporting to the Principal and Chief Executive, you will provide strategic direction to the management of financial planning and ensure that the administrative structure meets our requirements. These functions will be carried out through overall management of the Finance, Administration, Stores, Payroll and Janitorial services.

As well as full professional membership of an accountancy body, you must have significant experience in a managerial capacity, covering a number of the areas described. An appropriate management qualification is desirable.

For further details and an application form, please apply to the Personnel Section on 031-332 2491 between 8.30am and 4.35pm. Closing date for applications is Friday 11th February 1994. Edinburgh's Telford College is an Equal Opportunities Employer.

**EDINBURGH'S
TELFORD COLLEGE**

NEW SKILLS • NEW HORIZONS

FINANCE DIRECTOR (Designate)

c. £35K package

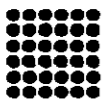
Cambridge

Xaar is currently undergoing a period of dramatic growth following a recent multi-million pound licence deal for Xaar inkjet printing technology.

The Finance Director (designate) will report to the Managing Director and be expected to make a real contribution to the further success of the company in addition to being responsible for its financial efficiency.

Xaar currently employs 30 people and besides being a qualified accountant, we are looking for someone who is a commercially aware team player.

Please reply in writing with full career and remuneration history to: Graham Wylie, Managing Director, Xaar Limited, Science Park, Milton Road, Cambridge CB4 4FD.



XAAR

GROUP FINANCIAL CONTROLLER

SALARY £30K - £35K CAR, PENSION, BONUS POTENTIAL

A commercially minded, qualified, ambitious individual is sought for this role in support of the Group Finance Director in a South Yorkshire based manufacturing and distribution company.

A wide range of skills and experience is required, to include financial and cash management, statutory accounting, budgetary control and standard costing. These skills should be combined with a high degree of computer literacy and systems knowledge.

The candidate must be a good team member, proactive, highly analytical and challenging yet persuasive in person and writing.

Some experience of international subsidiaries and consolidation would be beneficial as would be the ability to speak French.

Preferred age is 30-35.

Write to Box B1966, Financial Times, One Southwark Bridge, London SE1 9HL.

SYSTEMS AUDITOR

The City Office of a leading International Bank seeks to recruit a senior systems auditor with the experience and skills to further develop an already important role within a dynamic Information Systems environment.

Candidates must be experienced auditors with demonstrable expertise in systems reviews. The successful candidate will work within a small team of auditors and will be responsible for a wide range of audit assignments, including all aspects of IS auditing as well as general audits and special projects.

An attractive package, including banking benefits, is available to the successful candidate. Applications should include current salary details and must be received by 3 February 1994; please reply with a copy of your CV to:

Box B1986, Financial Times,
One Southwark Bridge,
London SE1 9HL

FINANCIAL CONTROLLER

Finance/Leasing/Banking

Southern England

c.£46,000 + benefits

This is an outstanding opportunity to earn a financial directorship with the wholly-owned leasing arm of a world-class U.S. manufacturing group.

Our client is at the forefront of a major marketing initiative to expand its current interests in the European automotive sector and the post of Financial Controller has been created in order to optimise the profitability of the UK operation through effective financial planning and analysis, tax-avoidance initiatives and asset-management techniques.

Reporting to the Managing Director and working very much as a proactive member of the senior management team, the successful candidate is likely to be a chartered accountant aged between 30 and 50, who is either in a similar position at the moment and currently in need of a fresh challenge, or is in a less senior role but shows strong leaning to the technical and commercial aspects of financial accounting and wants to have a more direct influence on the future path of his or her next employer.

A first-class salary and benefits package is being offered, together with relocation assistance as appropriate.

BUCKINGHAM ASSOCIATES

To discuss this position in more detail, please telephone Tony Williams or Andrew Neale-Smith on 071-629 8677 (24 hours).

Responding to Human Resourcing Needs Across Europe

Foley House, 12A Maddox Street, London W1R 9PL. Tel: 071-629 8677

INFLUENCING OUR SUCCESS

Financial expertise is one of the keys to the continued success of Boots The Chemists as a progressive and profitable organisation and with your capability and determination you could play an influential role in our future development.

An experienced accounting professional, you will bring a proactive and innovative style to our recently established Operational Review Department, providing an effective lead in the management of business risk and adding value to our business performance.

Operational Review

MANAGER (Ref. FT1)

£30 - £35K + Car + Benefits.

Leading a team within Operational Review you will influence the development of Company wide Financial Control policies and procedures providing clear standards of performance for line management. You will develop and implement a comprehensive control review programme throughout the company and in particular you will identify and assess potential risk situations, recommend improvements, establish action plans and ensure the provision of appropriate

Nottingham

training to management in the principles of maintaining sound control systems. A graduate accountant with a minimum of five years post qualification experience, you will have a thorough knowledge of audit techniques and a sound understanding of the dynamics of a successful business. A capable organiser, motivator and problem solver, you will have the personality and ability to influence at all levels in this high profile management service role.

SENIOR ANALYST (Ref. FT2)

£26 - £29k + Car + Benefits.

Supporting the Manager your role will be to plan and execute assignments, examining and evaluating the adequacy and effectiveness of the controls over the Company's business processes. You will be required to provide advice and guidance throughout the organisation in respect of risk minimisation and will represent the department on a variety of working groups. You will further participate in the planning and delivery of training programmes to management in enhancing their awareness of control issues.

Nottingham

A graduate accountant you will have a minimum of three years post qualification experience with previous exposure to the audit of large information systems or alternatively influencing management in the creation of efficient and effective operational practices in a change orientated environment. Your expertise will include well-developed communication, organisational and analytical skills, with the ability to work both on your own initiative and as a team member.

If you think you have the expertise and drive to add value to our success and would like to enjoy the rewards and benefits of working with a premier UK Company, then please send a full CV, quoting a daytime telephone number and the appropriate reference number, to Paul Macdowie ACA at Macdowie Davids, 10 Regent Street, Nottingham NG1 5BQ Fax 0602 859074 or telephone him on 0602 470200.

M
Macdowie Davids
Chartered Accountants



Boots
BOOTS THE CHEMISTS LTD
An equal opportunity employer

Join a rebel with a cause FINANCE DIRECTOR with MD potential

Based South Yorkshire

c.£45k + car + benefits

This is a superb career opportunity for an ambitious accountant with the resilience and charisma to both challenge and complement the individualistic style of an entrepreneurial Managing Director who has built this profitable retail clothing business from scratch.

With outlets nationwide and a turnover in excess of £14 million, my client has achieved spectacular success in a relatively short time through a commitment to total quality management, investment in people and superior standards of customer service.

As number two to the Managing Director, your brief will be to review current management systems and establish effective controls to lead further expansion. Whilst the main focus will be financial, you will carry additional significant line management responsibilities covering all support areas to the retail outlets including warehousing and distribution.

Graduate calibre and professionally qualified, you should have previous experience of establishing and running a financial function in a fast-moving, multi-site environment. Probably experienced at Board level, your credentials for the top must be undisputed, reflected in your skills to positively influence and develop those around you. A natural completer/finisher, you should thrive on debate and be determined to turn ideas into action.

For the right candidate, the package will not be a limiting factor and there is the possibility of an early equity stake. Relocation assistance will be offered where appropriate.

To apply, please write in the first instance enclosing full CV and salary details, quoting ref. 94093 to: Andrew Harris, Executive Recruitment Director, Grant Thornton Management Consultants, St John's Centre, 110 Albion Street, Leeds LS2 8LA.

Grant Thornton
MANAGEMENT CONSULTANTS
The U.K. member firm of Grant Thornton International.

APPOINTMENTS ADVERTISING

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edition every Friday

For further

information

please call:

Gareth Jones

on

071 873 3199

Andrew

Skarzynski on

071 873 3607

ZAMBIA REVENUE AUTHORITY

The Government of the Republic of Zambia (GRZ) enacted in 1993 legislation to establish the Zambia Revenue Authority (ZRA). At a date to be appointed, likely to be in 1994, the ZRA will assume the functions, powers and responsibilities of GRZ's Department of Taxes and Department of Customs and Excise. An Interim Secretariat, financed by the UK Government, is helping with preparations of ZRA to become operational. The ZRA will aim to increase revenue collections and improve the efficiency and equity of revenue administration. As an independent agency, the ZRA will operate outside the civil service and establish its own systems and procedures, including terms and conditions of service for all personnel. The ZRA will be based in Lusaka.

The Governing Board of the ZRA is now seeking applications for the seven senior management posts in the new organisation. The UK Government's Overseas Development Administration has agreed to provide financial support for the appointment of suitable candidates to the following three posts:

Commissioner - General

As chief executive of the Authority, you will be responsible to the Governing Board for overall management and performance of the Authority, in accordance with the relevant legislation and GRZ's revenue objectives, and for assistance in the formulation of tax policy.

Commissioner Income Tax Department

You will be responsible for the overall management of the Income Tax Department and for the prompt assessment and collection of all direct taxes due to the Government of Zambia.

Commissioner Customs and Excise Department

You will be responsible for the overall management of the department of Customs and Excise (and sales tax) and for the prompt assessment and collection of all indirect taxes due to the Government of Zambia.

The above two Commissioners will be responsible to the Commissioner-General for the technical and operational management of the Department and for tax policy advice.

QUALIFICATIONS

You will require a relevant degree in economics, accountancy, law or a related discipline alternatively career progression which has been achieved by professional revenue examinations and specialist training will be equally acceptable. You should also have at least 15 years' experience of working in revenue departments, including at least 5 years' at senior management level. Additionally, you should be able to demonstrate the leadership qualities required to meet the challenge of setting up and running a large new organisation. Overseas or private sector experience will be an advantage.

TERMS OF APPOINTMENTS

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Closing date for receipt of completed applications is 18 February 1994.

For further details and application form, please write to Appointments Officer, Ref No AH304/18/FT, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA, or telephone 0355 843232 Fax 0355 844099.

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